

INDIAN TARIFF BOARD

EVIDENCE

Recorded during enquiry regarding the
GRANT OF PROTECTION

TO THE

COAL INDUSTRY



CALCUTTA : GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH

1926

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I.—Resolution of the Government of India, Department of Commerce, No. 47-T. (49), dated the 30th September 1925.

In accordance with the statement made in the Legislative Assembly on the 15th of March 1924, the Government of India have now decided to refer to the Tariff Board for investigation the question whether a protective duty should be imposed on imported coal generally or on coal imported from any particular country or countries, and if so, at what rates.

2. Firms or persons interested, who desire that their views should be considered by the Tariff Board, should address their representations direct to the Secretary, Tariff Board.

ORDER.—Ordered that a copy of the above Resolution be communicated to all Local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence, the Indian Trade Commissioner in London and the Secretary, Tariff Board.

ORDERED also that it be published in the *Gazette of India*.

II.—Press Communiqués issued by the Tariff Board.

(1) Press Communiqué, dated the 13th October 1925.

In the Resolution of the Government of India in the Commerce Department, No. 47-T. (49), dated the 30th September 1925, the Tariff Board were directed to examine the question whether a protective duty should be imposed on imported coal. Before the Board can settle their programme, fix dates for hearing evidence and invite the opinions of those interested it is necessary that they should have before them a statement of the proposals they have to consider. In particular the amount of the protective duty considered necessary, ought to be specified, and it should be made clear whether it is desired that the duty should be applicable to all imported coal or only to the coal imported from a particular country or countries. The Board have invited the Indian Mining Federation to submit a statement of this kind and when they receive it the Board will publish it and invite those likely to be affected by the proposed duty to express their views on the subject. Meanwhile if any other bodies or persons, who are not members of the Mining Federation, desire to submit definite proposals to the Board, they should do so with the least possible delay. The Board hope to commence the hearing of the oral evidence in Calcutta in November.

(2) Press Communiqué, dated 6th November 1925.

In the Resolution of the Government of India in the Commerce Department, No. 47-T. (49), dated 30th September 1925, the Tariff Board were directed to enquire into the question whether a protective duty should be imposed on imported coal generally, or on coal imported from any particular country or countries, and, if so, at what rates. The Board have now received from the Indian Mining Federation a representation in which the following proposals are made:—

- (1) The imposition of protective duties at the following rates:—
 - (a) Rs. 5 a ton on coal imported from South Africa;
 - (b) Rs. 10 a ton on coal imported from any other country;
 - (c) Half an anna a gallon on imported fuel oil.
- (2) The grant of a bounty of Rs. 3 a ton on coal exported to foreign countries.

The grant of a bounty on exported coal is beyond the scope of the reference made to the Board and this proposal will not be considered by them. The proposal that a protective duty should be

imposed on fuel oil is also beyond the terms of reference, and raises issues different in their nature from those connected with coal and more far-reaching in their scope. The Board are prepared to admit evidence tending to show that a protective duty might be wholly or partially ineffective unless it were accompanied by a duty on fuel oil and evidence bearing on the comparative cost to industries of using fuel oil or coal, especially in Bombay and Sind. It would have been necessary to examine these aspects of the case even if no proposal for a protective duty on fuel oil had been made. But the Board will not in this enquiry consider the question whether a duty on fuel oil should be imposed, and will confine themselves to the single issue whether a duty should be imposed on coal and, if so, at what rates.

2. The Board will be glad to receive representations from those public bodies, firms and persons who are likely to be affected by the proposed duty on coal and desire to express their views. The Memorandum of the Indian Mining Federation and the Board's questionnaire have been printed and copies can be obtained from the Manager, Government of India, Central Publication Branch, Calcutta, or all Provincial Government Book Depôts and authorised Booksellers, price 2 annas per copy.

The questions in the latter sections of the questionnaire are intended for the Indian Mining Federation and the Indian Mining Association, the two organized bodies who represent Indian coal producers. The questions in the first section are general and deal with matters on which the evidence not only of producers but also of consumers and other persons interested in the coal trade is necessary. Some of those who desire to be heard may find it convenient to submit detailed answers to the questionnaire, while those who prefer to express their views in a more general form may find the questions useful as indicating points on which the Board desire to be informed. Some of the questions cannot be answered without local knowledge, and answers by firms and others who possess such knowledge will be of special value.

3. Representations should be addressed to the Board's office at No. 1, Council House Street, Calcutta, and should be sent in so as to reach the Board not later than the 30th November 1925. Representations received after that date cannot be considered. Those firms or persons who desire to give oral as well as written evidence should inform the Board not later than the 20th November. The oral evidence of the representatives of the Indian Mining Federation and the Indian Mining Association will be heard in Calcutta in November, and the Board's subsequent programme will be settled when it is known who desire to give oral evidence.

III.—Questionnaires issued by the Tariff Board.

A.—QUESTIONNAIRE.

SECTION I.

GENERAL QUESTIONS.

1. What are the chief causes of the fall in the price of coal in India since 1923? If the areas to which foreign coal penetrates (*i.e.*, for practical purposes the areas dependent on the ports of Rangoon, Madras, Bombay and Karachi) are excluded, how far is it correct to say that the present low level of prices is due mainly to internal competition between the Indian mines, and to an increase in their productive capacity unaccompanied by an equivalent increase in the demand?

2. In paragraph 9 of their memorandum the Mining Federation express the view that, in the matter of Railway transport, "the position has very remarkably improved" since the Fiscal Commission reported. Do you accept this view?

3. If the answer to question 2 is in the affirmative, do you consider that the improvement in transport conditions has contributed to the fall in price by increasing the quantity of coal effectively on the market?

4. What are the approximate c.i.f. prices at Rangoon, Madras, Bombay and Karachi of—

- (a) Natal coal,
- (b) Transvaal coal,
- (c) British coal,
- (d) Any other imported coal which competes,

seriously with Indian coal at these ports.

If the imports from any country consist of coal of different classes and qualities, the lowest and highest prices should be given.

5. Is it the case that Natal coal is on the whole superior in quality to Transvaal coal and commands in general a higher price?

6. In paragraph 18 of their Memorandum the Mining Federation express the view that in Bombay "generally speaking the British coal is sold Rs. 5 to Rs. 10 a ton higher than best Indian coal." Do you accept this view, and if so what classes of British coal command prices exceeding the prices of the best Indian coal by Rs. 10 and Rs. 5, respectively?

7. In the same paragraph the Federation say:—

"Recently, however, some North Country low-priced British coal has also been landed at Bombay and offered as low as Rs. 19 a ton c.i.f."

Has any considerable quantity of this class of coal been imported into Bombay in the past, and is it possible to determine by what amount the price obtainable for such coal would ordinarily exceed the price of the best Indian coal?

8. The steamer freight on coal from South Africa to Bombay in January 1925 is given on page 102 of the Coal Committee's Report as 12 shillings a ton which is equivalent to Rs. 8 a ton with the exchange at 1s. 6d. May this figure still be taken as correct?

9. What is the steamer freight on coal from British ports to Bombay at present?

10. The Coal Committee in paragraph 33 of their Report expressed the view that Indian coal would sell in Bombay at a price about 8 annas a ton cheaper than the cheapest Transvaal coal. Do you accept this view as true of the best grade of Jharia coal? If not, how would the price of the best Jharia compare with the price of the cheapest Transvaal coal?

11. In the same paragraph the Committee ascribe the lower price of Indian coal in Bombay to "a prejudice not against Indian coal as such but against the exporters of it; so the Bombay importer has to be convinced not that there are good Indian coals, but that he can be certain of getting them." Do you agree that the prejudice exists?

12. If your answer to question 11 is in the affirmative, do you consider that the prejudice referred to operates to reduce the price of the best Indian coal in Bombay, and if so by what amount?

13. If your answer to question 11 is in the affirmative, do you consider that the prejudice referred to is justified by the condition and quality of the Indian coal actually sent to Bombay in recent years?

14. In paragraph 34 of their Report the Coal Committee say that at Karachi "witnesses stated generally that South African Coal at the same price is much better value than Indian." Do you agree that this is in fact the view of consumers at Karachi?

15. In paragraph 17 of their Memorandum the Federation say that "intrinsically the best grade of Jharia coal is most decidedly superior to the Transvaal coal." Do you accept this view?

16. The Mining Federation have proposed the imposition of protective duties on coal at the following rates:—

(a) South African coal—Rs. 5 a ton.

(b) All coal other than South African—Rs. 10 a ton.

Do you favour the imposition of these duties?

17. Do you consider that the imposition of the protective duties on coal proposed by the Federation would result in an increase of the price of Indian coal in—

(a) Bombay,

(b) Sind,

(c) Madras,

- (d) Burma, and
- (e) the rest of India?

Would internal competition between the Indian mines operate to restrict the increase in price in each of these areas? By what amount (if any) do you consider that the price of the best Jharia coal would be increased in each area?

18. Do you consider that the increases in price indicated in your answer to question 17 would be effective as regards bunker coal, or is it probable that shipping companies would be able to avoid the increase in price either by direct transshipment of coal from one vessel to another in Indian ports, or by bunkering in foreign ports?

19. The imports of coal into Bombay (Indian and foreign) were 491,000 tons in 1924-25 against an average of 1,155,000 tons in the four years 1910-11 to 1913-14. The decrease in consumption is apparently due in part to the larger use of oil and hydro-electric power. Is it probable that an increase in the price at Bombay to the extent indicated in your answer to question 17 would result in consumers, who use coal at present, resorting to the alternative sources of power, and consequently in a further restriction of the market for coal?

20. Do you consider that an increase of the price of coal at Karachi to the extent indicated in your answer to question 17 would result in a larger use of oil in place of coal?

21. Having regard to the existence of alternative sources of power, do you consider that the imposition of the protective duties on coal proposed by the Federation would result in an increase in the sales of Indian coal in—

- (a) Bombay,
- (b) Sind,
- (c) Madras, and
- (d) Burma,

and, if so, by what amount?

22. Do you consider that the Coal industry satisfies the second condition laid down by the Fiscal Commission, *viz.*, that without protection it will not develop at all, or will not develop so rapidly as is desirable in the national interest?

23. The nett imports of coal into India in 1924 amounted to less than 2 per cent. of the Indian production. The Fiscal Commission expressed the view that "it would not be right to endeavour to procure for an industry such protection as will enable it to compete in every possible market in India, if this involves giving protection appreciably higher than is required for its success in the greater part of the country." Do you accept this view, and, if so, do you consider it applicable to the Coal industry?

24. Do you consider that an increase in the price of Indian coal to the extent indicated in your answer to question 17 would be a serious addition to industrial costs in—

- (a) Bombay,
- (b) Sind,
- (c) Madras, and
- (d) Burma,

and would it be likely to retard the development of industries in these provinces?

SECTION II.

QUESTIONS FOR THE INDIAN MINING FEDERATION AND THE INDIAN MINING ASSOCIATION.

25. How many coal mines are affiliated to the Indian Mining Federation
Indian Mining Association at present?

26. What was the aggregate output in 1924 of the mines referred to in the answer to question 25?

27. The mines affiliated to the Federation
Association may be roughly classified according to their annual output as follows:—

- (a) Less than 5,000 tons.
- (b) Not less than 5,000, but less than 10,000 tons.
- (c) Not less than 10,000, but less than 20,000 tons.
- (d) Not less than 20,000, but less than 50,000 tons.
- (e) Not less than 50,000 tons.

How many mines belong to each class according to their output in 1924, and what was the aggregate output of each class?

28. How many of the mines referred to in the answer to question 25 began to produce coal:—

- (a) before 1901,
- (b) from 1901 to 1913,
- (c) from 1914 to 1919,
- (d) from 1920 to 1925?

What was the aggregate output of the mines in each class in 1924?

29. How many mines affiliated to the Federation
Association have been shut down during the last two years, and how many new mines affiliated to the Federation
Association have been opened?

30. What was the aggregate output of the mines shut down, taking for each mine its output for the last calendar year before the year in which it was shut down?

31. How many of the mines shut down belonged to each of the classes enumerated in question 27?

32. How many of the mines shut down belonged to each of the classes enumerated in question 28?

33. In paragraph 38 of the Coal Committee's Report the average cost of raising coal is taken as Rs. 5 a ton in the Jharia field and Rs. 6 a ton in the Raniganj field. Do the $\frac{\text{Federation}}{\text{Association}}$ accept these figures as reasonable estimates?

34. What are the prices at the pithead at present, and what were they in November 1923, of Deshargarh, selected Jharia, first class Jharia, first class Raniganj, second class Jharia and any other class of coal which is commonly shipped by sea from Calcutta to other Indian ports?

35. Do the $\frac{\text{Federation}}{\text{Association}}$ regard the present pithead prices as unremunerative in the sense that a large number of producers realize no profits on their sales or sell at an actual loss?

36. Do the $\frac{\text{Federation}}{\text{Association}}$ anticipate that the continuance of the present level of prices will result in the closing of mines now working, and, if so, to what extent?

37. When the prices of coal fall continuously they are likely to reach a point when, by the shutting down of those mines in which costs are highest, the curtailment of the supply prevents prices from falling further. Do the $\frac{\text{Federation}}{\text{Association}}$ think that this point has been reached, or is it possible that prices may go still lower?

38. How do the stocks of coal at the mines at present compare with the stocks held in November 1924 and November 1923?

39. Is any marked improvement in the condition of the coal industry possible until the market for Indian coal has widened substantially, either by the growth of internal consumption or by the development of the export trade?

40. Can Indian coal be sold to-day in Rangoon, Madras, Bombay and Karachi at prices which, after deducting the cost of transport, leave the producer a price at the pithead not less than the price he receives for other sales? If not, to what extent is the price lower?

N.B.—A separate answer should be given for each port.

41. Do the $\frac{\text{Federation}}{\text{Association}}$ consider that the imposition of the protective duties on coal proposed by $\frac{\text{them}}{\text{the Federation}}$ would result in an increase in the sales of Indian coal, and, if so, by what amount?

42. Would the increased sales of Indian coal which the Federation Association consider probable result in the re-opening of mines at present shut down, or is it more probable that the demand would be met by the opening of new mines in areas where costs are lower?

43. Do the Federation Association consider that the imposition of the protective duties proposed by them the Federation would increase appreciably the average pithead price of coal, and, if so, to what extent, or would the benefit to the industry be confined to such increase in sales as might result from the displacement of imported coal?

44. It appears from page 58 of the Coal Commission's Report that in the early months of 1923 the rebate granted by the South African Railways on export coal amounted to 7s. 9d. per ton of 2,000 lbs. which with the exchange at 1s. 6d. is equivalent to Rs. 5-9-7 per ton of 2,240 lbs. According to the information in possession of the Federation Association is the amount of the rebate still the same, or has any change been made?

45. The Federation have asked for a certain scale of protection on the basis that the Indian producer ought to receive a price of about Rs. 9 a ton at the pit-head for the best Jharia coal. Do the Federation Association believe that, if the duties are imposed, it will in fact be possible to realize this price for coal sold in Bombay or Karachi, or would internal competition keep the price lower?

SECTION III.

QUESTIONS FOR THE INDIAN MINING FEDERATION.

46. In paragraph 2 of their Memorandum the Federation exclude from consideration the output of certain coal fields on the ground that they are of purely local importance. The output of these fields is assumed to be one million tons a year. Which are the fields referred to?

47. The Federation consider that in calculating the transport charges between the pit-head and an Indian port, such as Bombay, an allowance of 4 annas a ton should be made for Agency charges at destination. Would not the importers of coal from a foreign country have to incur a similar charge?

48. The Federation say that a price of Rs. 19-4-0 a ton *ex* scales at Bombay is equivalent to a c.i.f. price of Rs. 17 a ton. Is the difference of Rs. 2-4-0 a ton made up of the details given in Appendix XIX (b) of the Coal Committee's Report?

49. In paragraph 17 of the Memorandum the Federation take the price of Natal and Transvaal coals as Rs. 19-4-0 and Rs. 21-4-0 a ton *ex* scales at Bombay. Is this difference in the price a fair measure in the opinion of the Federation of the difference in quality between Natal and Transvaal coal?

50. Are there differences in the classes and quality of the—

(a) Natal coal,

(b) Transvaal coal,

usually imported into India? If so, are the prices taken by the Federation as the basis of their proposals the prices of the cheapest quality of South African coal usually imported, and how much higher would the price of the best quality be in each case?

51. What classes of British coal are commonly sold in Bombay at prices higher than the prices of the best Jharia by Rs. 10 and Rs. 5 a ton respectively?

52. If protective duties are imposed on imported coal do the Federation consider it would be reasonable to prohibit by law the export of uncertified coal to other Indian ports, so that consumers would have a reasonable assurance of the quality of coal they bought?

SECTION IV.

QUESTIONS FOR THE INDIAN MINING ASSOCIATION.

53. The Coal Committee gave the following figures as the costs incurred between the pit-head and certain ports—

	Transport cost per ton.		
	Rs.	A.	P.
Rangoon	11	3	0
Madras	11	15	0
Bombay and Karachi	13	7	0

Do the Association accept these estimates or if not, what changes do they consider necessary?

54. In Appendix XIX of their Report the Coal Committee gave figures for the cost of landing coal at certain Indian ports. Do the Association accept these figures?

55. Do you consider that the Coal industry satisfies the third condition laid down by the Fiscal Commission, *viz.*, that the industry can eventually dispense with protection and meet world competition unaided in the sense that Indian coal could be sold at a profit in Bombay and Karachi in competition with foreign coal? If so, what change in the conditions do you anticipate which would be likely to produce this result?

56. Do the Association approve of the imposition of the protective duties proposed by the Federation?

B.—SUPPLEMENTARY QUESTIONNAIRES.

(1) *For the North Western Railway.*

1. What quantity of coal was imported annually by sea into Karachi by the North Western Railway before the war, and what quantity was imported in 1924-25? (For the pre-war period the average annual imports for the four years 1910-11 to 1913-14 should be given, if possible, or if not, for one particular year).

2. When was it decided to substitute fuel oil for coal on the Karachi section of the North Western Railway, and when was the process completed?

3. What is the northern limit of the Karachi section of the line? May this point be taken as marking off the area within which the use of fuel oil on the Railway is regarded as economical?

4. What quantity of fuel oil was used on the Karachi section of the North Western Railway in 1924-25, and what was the approximate quantity of coal which the oil displaced?

5. What is the cost per ton at present:—

(a) c.i.f. Karachi, and

(b) landed and duty paid,

of the fuel oil used by the North Western Railway?

6. What quantity of fuel oil is equivalent for railway purposes to a ton of coal?

7. How does the cost of fuel oil at Karachi compare with the cost of coal such as the Railway commonly uses for locomotive purposes?

8. In deciding whether the use of fuel oil in place of coal should be introduced or continued for railway purposes, what circumstances must be taken into account other than the cost per ton of the two fuels, and the quantities of each required to do a certain amount of work?

9. When all the circumstances are taken into account, is coal or oil regarded as the more economical fuel for use on the Karachi section of the North Western Railway with prices as they are at present?

(2) *For the Great Indian Peninsula Railway.*

1. What quantity of coal did the Great Indian Peninsula Railway import into Bombay by sea for its own use in the following years—

1910-11	.	.	.	.	.	.	.	.	.	1921-22
1911-12	.	.	.	.	.	.	.	.	.	1922-23
1912-13	.	.	.	.	.	.	.	.	.	1923-24
1913-14	.	.	.	.	.	.	.	.	.	1924-25

2. In what year did the production of coal begin in the Great Indian Peninsula colliery in the Bokaro coalfield?

3. Is any of the coal raised in this colliery brought to Bombay by sea, or is the whole of it transported by rail?

4. What is the cost per ton at present (both c.i.f. and landed and duty paid) of the fuel oil used by the Great Indian Peninsula Railway?

5. What is the approximate quantity of fuel oil which must be burned in a locomotive in order to do the same work as a ton of coal?

6. How does the cost per ton of coal at Bombay compare with the cost of the equivalent quantity of fuel oil?

7. In deciding whether the use of fuel oil in place of coal should be introduced or continued for railway purposes, what circumstances must be taken

into account other than the cost per ton of the two fuels and the quantities of each required to do a certain amount of work?

8. When all the circumstances are taken into account, is coal or oil regarded as the more economical fuel for locomotive purposes on the Ghat and suburban sections of the Great Indian Peninsula Railway with prices as they are at present? How would the two fuels compare on sections of the Railway more remote from Bombay?

(3) For the Bombay Millowners' Association.

1. How many of the mills affiliated to the Association used as their source of power (a) coal, (b) hydro-electricity and (c) fuel oil in—

(i) 1913-14.

(ii) 1924-25?

2. What would be the approximate equivalent in tons of coal of —

(a) the hydro-electric power used in 1924-25 by mills affiliated to the Association,

(b) the fuel oil used in 1924-25 by mills affiliated to the Association?

3. What is the cost at present of fuel oil—

(a) c.i.f. Bombay, and

(b) landed and duty paid?

4. What quantity of fuel oil may be taken as approximately equivalent to one ton of coal?

5. With coal and oil at their present prices, how does the cost of a ton of coal compare with the cost of the equivalent quantity of fuel oil?

6. In deciding whether the use of fuel oil in place of coal should be introduced or continued in a mill, what circumstances must be taken into account (*e.g.*, convenience in handling, economy in labour charges, etc.) other than the cost of the quantity of each kind of fuel required to carry out a certain amount of work?

7. When all the circumstances are taken into account, is coal or oil regarded as the more economical fuel for use in a textile mill with prices as they are at present?

8. What are the rates per unit charged to consumers of hydro-electric power in Bombay at present?

9. What number of units may be taken as approximately equivalent to one ton of coal?

10. With the present price of coal and the present rates for hydro-electric power, how does the cost of one ton of coal compare with the cost of the equivalent number of power units?

11. In deciding whether the use of hydro-electric power in place of coal should be introduced or continued in a mill, what circumstances must be taken into account other than the cost of the coal and the cost of the number of power units required to carry out a certain amount of work?

12. When all the circumstances are taken into account, is coal or hydro-electricity regarded as the more economical source of power in a textile mill with prices and rates as they are at present?

(4) For the Karachi Chamber of Commerce.

1. What is the cost at present of fuel oil—

(a) c.i.f. Karachi and

(b) landed and duty paid?

2. What quantity of fuel oil may be taken as equivalent to one ton of coal?
 3. With coal and oil at their present prices, how does the cost of a ton of coal compare with the cost of the equivalent quantity of fuel oil?
 4. In deciding whether the use of fuel oil in place of coal should be introduced or continued in a factory, what circumstances must be taken into account other than the cost of the quantity of each kind of fuel required to carry out a certain amount of work?
 5. When all the circumstances are taken into account, is coal or oil-regarded as the more economical fuel with prices as they are at present?
-

(5) For Messrs. Tata Sons, Limited.

1. How many units of electricity were supplied to consumers in Bombay by the Tata hydro-electric power schemes—
 - (a) in 1913-14, and
 - (b) in 1924-25?
 2. What is the approximate quantity of coal which would have been required to generate the same amount of power in each year?
 3. How many units of electricity may be taken as approximately equivalent to one ton of coal?
 4. What is the full capacity of the hydro-electric installations already in operation, i.e., what is the largest number of units which could be supplied in a year to consumers in Bombay?
 5. To what extent will the capacity of the installations be increased on the completion of the works now in progress?
 6. To what extent is this increase in power capacity already earmarked for—
 - (a) the electrification of the railways,
 - (b) other consumers?
 7. If account is taken only of works already completed or sanctioned for construction, what increase in the demand for power could be met by the hydro-electric installations in addition to the railway demand?
 8. What are the rates at which hydro-electric power is supplied to consumers in Bombay?
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(6) For Bombay Industrial firms other than textile mills.

1. What is the industry in which your firm is engaged?
2. What is the cost at present of fuel oil—
 - (a) c.i.f. Bombay, and
 - (b) landed and duty paid?
3. What quantity of fuel oil may be taken as equivalent to one ton of coal?
4. With coal and oil at their present prices, how does the cost of a ton of coal compare with the cost of the equivalent quantity of fuel oil?
5. In deciding whether the use of fuel oil in place of coal should be introduced or continued, what circumstances must be taken into account (e.g., convenience in handling, economy in labour charges, etc.), other than the cost of the quantity of each kind of fuel required to carry out a certain amount of work?

6. When all the circumstances are taken into account, is coal or oil regarded as the more economical fuel for use in an industrial establishment such as yours with prices as they are at present?

7. What are the rates which are or would be charged to your firm for hydro-electric power at present?

8. What number of units may be taken as approximately equivalent to one ton of coal?

9. With the present price of coal and the present rates for hydro-electric power, how does the cost of coal compare with the cost of the equivalent number of power units?

10. In deciding whether the use of hydro-electric power in place of coal should be introduced or continued, what circumstances must be taken into account other than the cost of the coal and the cost of the number of power units required to carry out a certain amount of work?

11. When all the circumstances are taken into account, is coal or hydro-electricity regarded as the more economical source of power in an industrial establishment such as yours with prices and rates as they are at present?

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1. Letter to the Collector of Customs, Bombay, Karachi, Madras and Rangoon, dated the 15th October 1925.

I am directed to refer to the letter No. $\frac{8710}{8711}$, dated the 14th instant $\frac{8712}{8713}$

from the Director of Statistics, asking for certain information on the subject of the quantities of coal bunkered at certain ports, and to his letter No.

$\frac{7859}{8760}$ $\frac{8710}{8711}$, dated the 15th instant to the effect that no reply to letter No. $\frac{8712}{8713}$

is necessary as the matter is being taken up by the Tariff Board direct. I am also to explain more fully what the position is, why the information is required, and to ask you to be so good as to give the information to the Board.

2. The quantities of coal bunkered at the four principal Indian ports (other than Calcutta) are equal to about three quarters of the total quantity of foreign coal imported at these ports, and it is of some importance to the Board to ascertain what quantities of bunker coal ought to be deducted from the imports in order to ascertain the quantity of imported coal which is retained and consumed in India. It appears from Appendix XIX to the Coal Committee's Report that in some ports at any rate the bunker coal is sometimes landed and stacked and subsequently bunkered, and is sometimes transhipped from vessel to vessel without being landed. The points on which the Board would be glad to have information are as follows:—

(1) Are both methods of bunkering employed at $\frac{\text{Bombay}}{\text{Karachi}}$ or only one $\frac{\text{Madras}}{\text{Rangoon}}$ of them and if so which?

(2) Do the quantities of coal bunkered at $\frac{\text{Bombay}}{\text{Karachi}}$ as given in the $\frac{\text{Madras}}{\text{Rangoon}}$ periodical reports to the Director of Statistics, include coal which is not landed but transhipped from vessel to vessel?

(3) If the answer to (2) is in the affirmative, is it possible to determine approximately the percentage of the total quantity bunkered which is not landed but transhipped from vessel to vessel?

(4) Is foreign coal which is not landed but bunkered in the port by transshipment from vessel liable to Customs duty, and is it shown as an import in the Trade Returns?

(5) Is foreign coal which is landed and stacked and subsequently used for bunkering another vessel liable to Customs duty, and is it shown as an import in the Trade Returns?

(6) Is foreign coal which is landed and stacked and subsequently used for bunkering another vessel bound for a foreign port shown as a re-export in the Trade Returns?

(7) Is Indian coal which is brought to Bombay
Karachi by sea and used for
Madras
Rangoon
 bunkering a vessel bound for a foreign port shown as an export
 in the Trade Returns—

(a) if it is landed and stacked, or

(b) if it is transhipped without being landed?

(8) If the answer to both parts of (7) is in the negative is it the case that the exports and re-exports of coal given in the Trade Returns consist entirely of 'cargo' coal as distinct from 'bunker' coal?

2. Correspondence with the Government of India in the Department of Commerce.

(a) *Letter to the Secretary to the Government of India in the Commerce Department, dated the 9th November 1925.*

With reference to the Resolution of the Government of India in the Commerce Department No. 47-T. (49), dated the 30th September 1925 in which the Tariff Board were directed to enquire into the question whether protective duties should be imposed on coal, I am directed to request that the Board may be furnished with information on the following points:—

- (1) Has it yet been finally decided whether, as recommended by the Coal Committee, export coal certified by the Grading Board should be granted an additional rebate of 12½ per cent. of the railway freight and a reduction of 4 annas a ton in the river dues?
- (2) Has a final decision been arrived at on the question whether a rebate should be granted on coal sent to Bombay by the all-rail route? (Paragraph 66 of the Coal Committee's Report.)
- (3) By what date is it expected that the Grading Board will be in a position to certify cargoes of export coal?
- (4) What will be the distances from Bombay of the new Coalfields likely to be opened up by the new Central Coalfields Railway?
- (5) What will be the approximate rail freights on coal from these fields to Bombay?
- (6) Is the coal raised in these fields likely to be superior in quality to the coal raised in the Central Provinces fields?
- (7) Have the Government of India any recent information as to the South African Railway freights on export and other coal and as to the amount of the rebate on export coal granted by the South African Railways? If not can they suggest any means by which the Board could ascertain whether any change has been made since the Coal Committee reported?

(b) *Letter from the Government of India, Department of Commerce, dated the 4th December 1925.*

I am directed to reply as follows to your letter No. 647, dated the 9th November 1925:—

- (1) It has been decided by the railways concerned to grant an additional rebate of 12½ per cent. of the railway freight on export coal certified by the Grading Board. The Calcutta Port Commissioners have also agreed to a reduction of 4 annas a ton in the river dues on such coal.
- (2) The railways concerned have declined to give a rebate on coal sent by the all rail route to Bombay, but the question of a reduction in rates on long distance coal, which includes coal for Bombay, is under consideration.
- (3) It is understood that Mr. Whitworth has already informed the Tariff Board that the Coal Grading Board should be in a position to certify cargoes by the middle of January 1926.
- (4) and (5) It is not proposed at present to undertake the construction of the whole of the Central India Coalfields Railways as was originally contemplated. The portions under construction are the lines from Barkakhana to Hutur, Daltonganj to Berwadih

and Anuppur to Semra and it is even being seriously considered whether the work on the Anuppur-Semra portion should not be discontinued. The subjoined statement gives the names of the stations which serve the existing collieries on the portions of the railway under construction and their distances from Bombay and the freight on coal (including terminal and ghat charges) from them to Bombay.

Name of colliery station.	Distance <i>via</i> Anuppur.	Rate per ton.	Distance <i>via</i> Daltonganj.	Rate per ton.
		Rs. A. P.		Rs. A. P.
Semra	827	12 3 0	..	..
Hutur	961	13 5 0	1,108	14 8 0
Bhurkunda	1,060	14 3 0	1,193	15 5 0

No further information is available at present.

- (6) The Chief Mining Engineer to the Railway Board has been asked to furnish the necessary information direct to the Tariff Board.
- (7) The Government of India have no more recent information than that given by the Coal Committee in their report. It is possible that the Director General of Commercial Intelligence may be able to obtain by cable the information required from His Majesty's Trade Commissioner at Cape Town and it is suggested that he may be approached on the subject.

Witness No. 1.

INDIAN MINING FEDERATION, CALCUTTA.

A.—WRITTEN.

Statement I.—Letter, dated the 28th October 1925.

In compliance with the request contained in your letter No. 550, dated the 7th October 1925, I am directed to forward herewith a statement by the Committee of the Indian Mining Federation regarding the claim of protection to the Indian coal industry.

2. I am now to enquire what will be programme of the Board's enquiry and particularly, when would they desire the representatives of the Committee to appear before them to support their written statement.

3. Six additional copies of the statement together with the enclosures are also forwarded herewith, as desired. It is understood that the statement submitted will be printed by you in extenso in which case, the Federation shall be obliged to be furnished with 300 copies thereof, if necessary on payment.

Statement by the Indian Mining Federation before the Tariff Board regarding the claims for a protective duty on imported coal in India.

I.—Extent of Import of Foreign Coal.

A necessary prelude to an attempt at economic and partial justification of the Indian coal industry for the imposition of a protective duty on imported coal in India is a correct appreciation of the extent of import of foreign coal into India and generally a correct understanding of the coal trade situation to-day. In Statement I, appended to this memorandum are set out the statistics showing the production of Indian coal (including output of Native States) and the quantity of foreign coal imported into this country in the recent years. It will have been observed on a reference to this statement that while the average quantity of foreign coal imported each year during the five years 1906-10 was 3·4 lakhs and during the five years 1911-16 4·42 lakhs, it rose to 1 million and 1·1 million during the years 1921 and 1922 respectively. There has been a decline in import since but the quantity imported during the first 8 months of 1925 is 3·2 lakhs or in other words, the import continues even at the present moment roughly at the rate of 5 lakhs tons a year. The actual import, however, of the remaining months of this year may falsify this estimate but in that case it would be easy to understand why the import of the later months did not keep pace with those of the earlier months. At all events, but for the disturbing factor of the serious and protracted mill strike at Bombay, an annual import of 5 lakhs of tons would be a reasonable and accurate estimate of the extent of the import of foreign coal into India at the present moment.

2. A quantity of 5 lakhs of tons represents doubtless a comparatively small fraction of the total Indian output. Assuming 19½ million tons as the average output of Indian coal, the present import may be regarded to represent no higher than 2·5 per cent. of the total output. This percentage worked out on the figure of total output is, however, grossly misleading. A correct appreciation of the influence of the foreign coal in the Indian market can be obtained not by its comparison with the total output of Indian coal but with reference to the total quantity of commercially available Indian coal which finds effective market. In Statement II, will be found statistics of production of coal within British India in different provinces. It will at once appear that in certain provinces as well as in some of the Native States coal

is raised in insignificantly small quantity and cater almost entirely to rigidly restricted and local markets. In any computation of the quantity of coal commercially available for the entire Indian market these small local outputs do not enter. Assuming these local outputs at 1 million tons, the gross average total production of the important Indian coalfields stands at 18.5 millions; of this another allowance of 2.5 millions may be taken as representing wastage and colliery consumption, thus leaving a net average production of the important coalfields at 16 million tons a year. This figure again includes the output of the railway-owned collieries averaging annually about 1.5 million tons. Deducting this quantity, the total average commercially available Indian coal in the Indian market is 14.5 million tons a year. The imported coal estimated at 5 lakhs of tons a year thus represents 3.45 per cent. of this annual quantity.

3. In this connection, it is necessary to refer here to another fact. Coal is not the only foreign fuel competing with Indian coal at the home market—there is also the imported oil fuel. It is remarkable how the import of oil fuel has been first increasing in the recent years. From 35 million gallons in 1919, it has risen to 90 million gallons in 1924, as it would appear from Statement III attached to this memorandum. The import of 90 million gallons of oil fuel means a displacement of more than 6 lakhs tons of Indian coal from the home market representing roughly 4.15 per cent. of the total Indian commercially available coal. The Committee of the Federation desire to impress on the Board the gravity of the competition of the oil fuel more so as they have later on in this memorandum formulated proposals bearing this fact in view. It is, in effect, the suggestion of the Indian Mining Federation that so far as protective measures are concerned, the imported oil fuel must be regarded on *principle* in the same category as imported coal.

II.—Effect of import of foreign coal.

4. From the position indicated in the previous paragraph it may appear that the claim of the Indian coal industry for protection is open to the criticism that the amount of competing foreign coal in the Indian market is not very large in proportion to the total commercially available output of the country. The Committee of the Indian Mining Federation can have no hesitation in accepting the data of this criticism as a statement of fact but they would at the same time point out that any conclusion which might be drawn from this fact regarding the effect of foreign coal on the Indian market must take full cognizance of the two following considerations:—

- (1) The imported coal is not marketed throughout the country but compete intensively at important centres with Indian coal. From the Statement IV attached to this memorandum, it will have been observed that full 60 per cent. of the foreign coal representing roughly 3 lakhs of tons is imported into Bombay against a total market there of not more than 4.5 lakh tons a year. Another 23 or 24 per cent. is imported in Karachi representing 120 thousand tons a year against a total estimated market there of not more than 1,80 thousand tons a year. The question of 5 lakhs of tons of foreign coal competing in the Indian market is not a question of foreign competition with 3.45 per cent. of Indian output but assumes a much more serious importance inasmuch as it imperils the market of Indian coal in two important centres, namely, Bombay and Karachi.
- (2) There is, however, a still more important and graver aspect of the question. In appraising the claim of the Indian coal industry for protection, the fact must be clearly recognised that the Indian coal trade to-day is in a serious slump. For reasons which will presently be briefly described, the coal trade at the present moment is passing through an unusual depression. The import of foreign coal is merely one of the elements in the depression but the question how far this depression can be attributed to the influx of foreign coal is no measure of the necessity of pro-

tection required for rehabilitation of the Indian coal trade. Had the other depressing factors been absent, probably there would have been no need for protection. With these, however, in full operation, the import of foreign coal is aggravating the depression and, as such, requires to be guarded against. A general depression is the dominating factor in the coal trade situation to-day and in fact it is the extent of depression which justifies the protective measures.

5. As the Indian Fiscal Commission clearly recognised, the coal trade in India has never been in a profitable position. Leaving aside absolutely temporary improvements, the only period of steady and fair prosperity which the coal trade knew was between the years 1918 and 1921. Almost following the armistice there was an industrial boom in the country which stimulated a great demand for coal. This hectic demand is writ large on the figures of consumption of coal by the small industries in the year 1919. This unusual demand of the small industries (for the industrial activities only gave rise to small industrial concerns) synchronised happily with an increase of demand for Indian coal in the overseas market. The closing months of 1919 marked the high water mark of this temporary prosperity of the coal trade for though throughout the whole of 1920 the export demand for Indian coal continued firm, the demand of the small industries sharply declined next year. By the January 1921, the foreign ports closed for the Indian coal but the unprecedented bunkering demand owing to a large volume of tonnage having entered the Indian ports, the strength of the market yet remained unabated. By the year 1922, economic dislocation in Europe and restriction on purchasing power led to the sharp decline of India's foreign trade with the result that the bunkering demand most markedly fell and with it the last support of an improved coal market was removed. The statistics bearing on the position of these years are indicated in the Statement V attached to this memorandum. The menacing development in the Indian coal market in the shape of the import of foreign coal was evidenced as early as May 1921. But its effect was obscured for a time owing to the general demand in the country, particularly the bunkering demand. But by the end of the year 1922, after the Indian market had been dumped by more than 2 millions of tons of foreign coal, the effects were clearly traceable in the steadily falling prices, by which time the only surviving factor of strength in the market, namely, the bunkering demand had also most sharply reacted.

6. To sum up, the import of foreign coal at the present moment is only one of the elements in the present depression, the other factors operative being the lack of industrial and bunkering demand and the complete loss of the overseas market.

III.—Economic justification of protection for coal trade.

7. An attempt has hitherto been made to determine the extent to which the import of foreign coal is re-acting unfavourably on the Indian coal trade generally. Such an attempt, however, must be regarded to have been made absolutely without prejudice to arguments which would presently follow in support of protection for the Indian coal trade. As the Committee of the Federation view it, the effect of the imported coal on the Indian coal trade generally is an immaterial issue for their present purpose to study. So long as a protective policy has been justified on theoretical grounds and the position of competition with foreign coal has been proved to be against the Indian coal, the case of the Federation may be regarded as completely made out.

8. In paragraph 97 of their Report the Indian Fiscal Commission laid down three conditions which must be fulfilled by an industry in order to justify its claim for protection. Briefly stated these conditions are: (1) the industry must be one possessing natural advantages; (2) the industry must be one which without the help of protection is not likely to develop as rapidly as desirable in the interest of the country; (3) the industry must be one which will eventually be able to face foreign competition without protection.

9. As regards natural advantages, the most important question relating to the coal industry is of course the potential resources of India. In this connection it would be sufficient to state that the resources of India are abundant. In Statement VI attached to this memorandum would be found a comparative statement, showing the coal resources of India and other principal countries of the world. Another question relevant to the coal resources is their quality. In this connection a statement is enclosed (No. VII) which would show the composition of the various grades of Indian coal and coal of the other countries. It would appear that while the qualities of Indian coal remarkably vary, even the marginal grades are likely to meet all ordinary industrial purposes. As regards other factors of production, such as, labour supply and a large market, the Indian industry is distinctly in an advantageous position. The only desideratum of the industry hitherto was the defective transport system on which the Indian Fiscal Commission laid much stress but the Committee of the Indian Mining Federation are glad to be able to report that the position has since then very remarkably improved.

10. As regards the second condition laid down by the Fiscal Commission, it is the view of the Indian Mining Federation that a protective tariff is one of the three measures which should effectually rehabilitate the Indian coal trade. It is difficult to state with precision what the effect of a tariff unaided by other measures would be on the trade. But the Committee are generally certain that even singly the effect would be great. With regard to this condition again, it is clear from paragraph 100 of the Report that the Commission did not intend it to be applied except in the case of comparatively young industries. The case of an industry temporarily depressed or atrophied was also distinctly contemplated by the Commission and with regard to this class of industry the condition (2) can be less applied than in the case of other industries.

11. Turning to the third condition laid down by the Commission, it would no doubt be possible, other factors of depression being absent, to remove the protective duty on foreign coal, once the Indian industry has been rehabilitated. But here again, the condition need not be taken very seriously, as the Commission distinctly holds in paragraph 98 that "another class of industry which should be regarded with a favourable eye is that in which there is a possibility that in course of time the whole of the country can be supplied by the home production. In the case of such an industry the burden on the consumers determines automatically. As soon as the foreign import ceases to come in, the price ceases to be regulated by the foreign price *plus* the import duty. It is regulated by the internal competition." Price is fixed at a figure forced down by internal competition and it is under such circumstances immaterial whether the duty is removed or not.

12. It is not probably necessary to labour at length the fact that the ordinary conditions of protection are fulfilled by the Indian coal industry. For the industry is one which falls both under the category of those essential for national defence as also of the basic industries. In paragraph 106 of their Report, the Indian Fiscal Commission states "that they have no hesitation in affirming the principle that any industry which is essential for the purpose of national defence and for which the conditions in India are not unfavourable should, if necessary, be adequately protected," irrespective of the general conditions which they have laid down for the industries. Again, in paragraph 108 of their Report, the Commission thus place the case of the basic industry; the "decision whether protection should be given to basic industries should rest rather on considerations of national economics than on the economics of the particular industry." Further in paragraph 105 the Commission recommends for consideration the case of the industry which may be at such a distance from certain part of the country adjoining the sea-board that it is unable to compete in those parts with goods imported by sea. It would appear and will be still more clear after the position of competition has been stated that this observation exactly covers the case of the coal industry in its present application for protection against foreign coal.

13. Much has been said to establish that the Indian coal industry satisfies almost all the theoretic tests which the Indian Fiscal Commission laid down to entitle an industry to a protective tariff. Attention might, however, be drawn to paragraph 114 of the Report of the Indian Fiscal Commission in which the Commissioners discuss specifically the proposition for protection of the Indian coal industry put forward before them by the Indian Mining Federation. The Commission records their opinion that the Indian coal industry is "one of those cases in which we are convinced that the protection of the basic industry or raw material would not be to the advantage of the country as a whole." Unfortunate as the conclusion of the Commission was, it was based largely on the view that the coal industry was suffering in the early part of 1922 from a special and temporary disability, namely, that arising from a defective railway transportation. The present severe depression which was evidenced in the closing months of 1922 could not, however, be foreseen either by the coal trade or by the Fiscal Commission towards the close of 1921 or in the early part of 1922. After a careful study of the Commission's observations in paragraph 114, it is difficult to escape from the conclusion that the refusal of the Commission to recommend a protective measure for the coal trade was not of a categorical character but was based almost entirely on the view that the problem of the coal trade was unconnected with the problem of foreign competition. As the Commission clearly remarks that till the unfavourable transportation conditions are removed, "no measure of protection would bring prosperity and when they are removed, the industry will need no protection." The Commission, however, in no uncertain terms recognised the importance of the coal industry and expressed the desire that the coal resources of India should be sufficiently developed. It was, therefore, distinctly the view of the Commission that it is necessary that the industry should be placed on a more profitable basis. Having regard to this general attitude to the coal industry and the fact that the coal trade to-day is not suffering, as the Commission conceived, from any special difficulty but from a general depression in which the foreign competition plays a definite part, it may be assumed that the observations of the Commission do not weaken the present case of the Indian coal industry for protection.

IV.—Position of competition.

14. It is now proposed to examine the actual position of competition which has in the previous paragraph assumed to be unfavourable for Indian coal.

15. The case for a protective duty on imported coal in India was pithily but effectually summed up by the Indian Coal Committee in paragraph 36 of the Report in which they state that Indian coal can only hope to compete in Bombay and Karachi if the pit-head price is not higher than Rs. 5. This finding read together with the conclusion of the Committee recorded in paragraphs 39 and 41 of their Report that the average raising cost in the Jharia and Raneejung fields are Rs. 5 and Rs. 6 a ton respectively and that this scale of the cost of production does not admit of any reduction, would seem to establish beyond any doubt that Indian coal is in need of protection against foreign coal in the centres of competition. The cases of Bombay and Karachi have been specially mentioned, for as already pointed out in Statement IV, between these two places no less than 85 per cent. of the foreign coal is landed. It has, moreover, to be taken into consideration that the case against Indian coal in the competition with foreign coal in various centres has been under-estimated to the extent of annas 8 per ton, as pointed out by Mr. Banerjee in paragraph 7 of his minute of dissent as a member of the Coal Committee. To sum up, on the data disclosed before and accepted by the Coal Committee, Indian coal is being under-sold to the extent of Re. 1-8 per ton, assuming the collieries' profit at Re. 1 per ton and taking into account the extent of under-estimation referred to by Mr.

Banerjee. The position no doubt has changed since the Coal Committee examined it. The Committee recommended a direct assistance to the Indian coal to the extent of 12 annas (this rate in the case of Jharia and 10 annas in the case of Raneegunj coal roughly) and though definite announcement has not yet been made, it is certain for all practical purposes that the Government have accepted this recommendation. It may, therefore, be argued that with this additional assistance successful competition of Indian coal with foreign coal in Bombay and Karachi has been rendered possible within a very narrow margin of doubt, if not, entirely. To meet such criticisms, it will be of advantage to review the position of competition afresh in the light of the latest development.

16. To start with let the c.i.f. price of Indian coal be calculated for Bombay and Karachi. As the steamer freights to both the places are identical, the quotation too would be the same. The various items making up the c.i.f. price are indicated and added up below:—

Cost of coal at pit-head . . .	Rs. 5 (Jharia).
Railway freight . . .	Rs. 2-12 (Jharia coal).
Port Commissioners' charges . . .	Re. 1-2 (including grading fee and cost of supervision).
Insurance	Annas 3.
Allowance for shortage . . .	Annas 5 (being 4 per cent. of f.o.b cost).
Finance	Annas 4.
Agency charges at destination	Annas 4.
Steamer freight	Rs. 8-4.
<hr/>	
TOTAL	Rs. 18-2.

These figures of c.i.f. price exclude any allowance for profits of the under-taking. Assuming this at Re. 1 per ton, the c.i.f. price at which Indian coal can be quoted at Bombay and Karachi is Rs. 19-2. It is, however, to be carefully remembered that quality taken into consideration throughout the calculation is of the best grade.

17. As against this c.i.f. price at which the best grade Indian coal can be quoted at Bombay and Karachi, some of the most important competing foreign coals are being quoted at a markedly lower figure. The Statement VIII enclosed with this memorandum exhibits the position of competition of Indian and foreign coal at Bombay at present and in the recent months. This statement is compiled from the reports published in "Commerce" and though not free from inaccuracies can be generally regarded as of a dependable character. The Committee, however, reserve the right of correcting any of these figures in a supplementary statement, should they find it necessary. It would appear that Transvaal (Witbank) coal has been sold in Bombay at Rs. 19-4 ex-scales, which mean a c.i.f. quotation of Rs. 17 per ton. This would disclose so far as this coal is concerned an under-quotation below the price at which Indian coal can be quoted to the extent of Rs. 2-2 per ton. It is true that intrinsically the best grade of Jharia coal is most decidedly superior to the Transvaal coal but in the present state of competition quality for quality Bengal coal will have to quote below the South African coal or in other words, which is the same thing, price for price Bengal will have to supply coal of a quality superior to what is supplied by South Africa. Assuming this line of argument, it can be held that Transvaal and Natal coal are each selling at Bombay at a price Rs. 2 per ton lower than the figure at

which they should sell in order that the best grade of Indian coal may find market there at a profit. For the purpose of this conclusion the price of Transvaal and Natal coal has been taken at Rs. 19-4 and Rs. 21-4 respectively ex-scales or Rs. 17 and Rs. 19 per ton c.i.f. Bombay.

18. The calculation given above relates to South African coal. The only other coal imported in appreciable quantity at Bombay is British coal. A shipment of first class Japanese coal is also reported to have recently arrived at Bombay but the Committee of the Federation possess at present no precise information with regard to this coal. Regarding the British coal, the quality is so markedly superior to that of Indian coal that it is difficult to estimate the exact position of competition between the two. Generally speaking, the British coal is sold Rs. 5 to Rs. 10 a ton higher than best Indian coal. Recently, however, some North County low-priced British coal has also been landed at Bombay and offered as low as Rs. 19 a ton c.i.f. The impression of the Committee of the Federation is that if the price of the British coal can be increased by Rs. 7 per ton, the best grade of Indian coal will have a fair chance of competing successfully with it.

19. In paragraphs 17 and 18, only the position of competition at Bombay has been described. The position in other centres, particularly at Karachi is identical. The market at Bombay is, therefore, intended to be regarded as typical of the state of competition throughout the country.

20. Hitherto in estimating the position of competition between the Indian and foreign coal, it has been assumed that only the best grade of coal would be exported and it is on that assumption that it has been held that South African coal should sell Rs. 2 and British coal Rs. 7 a ton higher in price respectively than the rate at which they have been selling now. But the very important question arises what would be the effect on the coal trade generally if the very best grades of Indian coal can find a market at a price which would just leave it a modest profit on the undertaking. It has been already stressed at great length that the problem at the present moment of the coal trade is the problem of depression and so long as the best grades of Indian coal are unable to command a price higher than what would leave it a bare profit, the depression in the coal trade will continue. It is to be very carefully remembered that the qualities of Indian coal remarkably vary. While the raising cost of production of practically all grades of coal is more or less the same, there is an intrinsic difference in quality which must under normal conditions lead to differential rates of prices. In order that the lowest grade of coal must earn a modest profit, it is necessary that the highest grade should earn a price several rupees over its cost of production. The disparity in price between the different grades of Indian coal is a marked feature of the coal trade and there cannot be any disputing this very familiar fact. There is, moreover, nothing striking about it, as this is merely the application of the economic doctrine of the marginal theory of value. It would, therefore, follow that the rate of pit-head price of best grade of Indian coal, which has been assumed in the computation of c.i.f. price at Rs. 6, should really be Rs. 9 or thereabout in order that the lower grades of coal may earn a profit fairly over their raising cost. In such circumstances, the margin of under-quotation of Indian coal by South African and British coal taking quality into account, should be regarded at a figure Rs. 3 higher, namely, Rs. 5 and Rs. 10 respectively.

21. There is one more question in connection with an estimate of the competitive position of Indian and foreign coal which is to be carefully considered. It is not known if the present prices of foreign coal particularly of South African, can be regarded as their lowest possible quotation or whether there is margin left to admit of further reduction in order to meet Indian competition. Reliable information on this point is not forthcoming but the fact remains that South Africa has reduced price considerably since 1922 and 1923. The enclosed Statement IX would show that in the years

1922 and 1923 the South African coal was offered at 31 or 32s. c.i.f. Bombay but at the present moment cargoes of Natal coal are being freely offered at 28s. and of Transvaal at 26s. c.i.f. Bombay. The reduction of price is proportionately heavier in rupee owing to the higher rate of exchange at present.

22. The question of exchange just mentioned is again another complicating factor in estimating the position of competition. In 1921-1922, the exchange was at 1s. 4d. or in the neighbourhood thereof. To-day it stands at 1s. 6 $\frac{3}{4}$ d. It is obvious that the higher the rate of exchange, the more difficult it becomes for the Indian coal to meet foreign competition. The rise of a penny per rupee in exchange brings down the South African quotation by 6 $\frac{1}{2}$ per cent. or practically at a little over Re. 1 per ton. Despite the statement of the Hon'ble Finance Member suspicion is not entirely absent that the rates may go up still further. But even without a further advance the Indian coal trade is even now entitled to claim a protective duty of 12 $\frac{1}{2}$ per cent. *ad valorem* on the ground of higher exchange alone.

23. It is not at all necessary to study wherein the secret lies of the foreign coal which enables them to compete successfully at the distant markets of Karachi and Bombay, it may still, however, be instructive to refer here to a few salient facts.

24. The cost of production of Indian coal is indicated in Statement X enclosed with this memorandum. The Committee venture to say this represents the irreducible minimum cost per ton in the Bengal coalfields. It will be granted that this compares very favourably with the British cost and probably not very unfavourably with the South African cost. No definite statement can be made with regard to the South African position, as it is difficult to ascertain what the cost of production there is. Seeing that South Africa is able to quote at Bombay at 26s. c.i.f. and assuming the steamer freight from Durban to Bombay at about 12s. and railway freight from Natal collieries to Durban on an average at 7s. it would appear that the pit-head price including the profits of the undertaking is not higher than 6s. Presuming even that the cost is a penny or two higher, it seems an absurdly low figure to accept for the raising cost; it is possible that South Africa charges differential rates for export, bunker and internal industrial consumption. In the matter of bunkering, the South African coal has a particularly strong position of advantage, Durban being an important bunkering port for all vessels plying between Europe and eastern waters. In fact, figures were obtained by the Indian Coal Committee which went to prove this hypothesis.

25. Apart from the cost of production South Africa would also seem to have had some advantage in the matter of railway transport charges. There is at the present moment a rebate of railway freight amounting to 7s. 9d. per ton but as the Coal Committee point out, the net freight payable by the Natal mine is practically the same as paid at present by the Indian coal from the coalfields to the docks. It has, therefore, been argued that the fact that a rebate is granted by South African railways on export coal should be made no ground for a special protection to be sought by Indian coal. Those who offer this criticism do not seem to have full appreciation of the point of view of those who ask for a countervailing duty on the South African coal owing to the operation of this rebate. The question is not whether the net freight payable by South Africa is equal to, more, or less than the net rail freight paid by the Indian coal but whether any special privilege is not granted in order that the South African coal may be in a better position to face competition in the Indian market. It can certainly be asserted that South Africa enjoys such special privilege. That the rebate granted to the South African coal is intended to operate and does as a matter of fact operate as a bounty, can be easily ascertained from the fact that there are differential rates of price of coal for bunker, internal consumption and export, the price for the first two purposes being progressively higher than the price charged for export coal. A further fact also confirms this view. The endeavour of

the South African authorities to ship cheap coal was so strenuous that in 1921, the rate of rebate was 18s. 4d. from which it was reduced to 9s. 9d. per ton and thence to the present figure. Lastly, there is the question of uneconomical steamer freights, the full advantage of which are obtained by both the British and the South African coal export trade. In Chapter VIII of their report, the Indian Coal Committee have fully gone into this question and in paragraph 98 they record their view that "comparatively low freights for competing countries must be accepted as unavoidable by the Calcutta coal export trade." The Indian coal export trade is prepared to accept this position, as it is well aware that there is no remedy against it; at the same time they certainly think they are entitled to special protection against the disability which they have to labour under.

V.—Proposals formulated.

26. It now remains for the Committee to formulate their definite proposals for the consideration of the Board. They are afraid, in this connection, it would not be possible for them to confine their suggestions to merely an imposition of a protective duty on imported coal in India. As already indicated, coal is not the only foreign fuel competing with Indian coal. Any proposal for protection of the Indian coal industry must, therefore, embrace measures calculated not only to arrest the import of foreign coal into India but also the import of oil fuel in the country or at least to financially exploit the imported oil fuel for the benefit of the Indian coal trade. How far the Board may have any technical difficulty in considering the protective proposal in this wider aspect, the Committee of the Federation made no attempt to ascertain. It is their suggestion that should such technical difficulties be found to exist, steps might be taken by the Board to have them removed. The proposals of the Federation are:—

- (1) that a protective duty of Rs. 5 a ton be imposed on Natal and Transvaal coal imported into India, the duty to increase correspondingly with additional indirect bounty granted to the South African export coal,
- (2) that a protective duty of Rs. 10 a ton be imposed on all other coal imported into India,
- (3) that these duties be in force for a period of five years at the end of which the question of their repeal or continuance be exclaimed in the light of the position then confronted by the Indian coal trade,
- (4) that an additional duty be imposed on the mineral oil imported into India and generally used as fuel for industrial purpose at the rate of half anna per gallon, the proceeds of the duty being ear-marked for the purpose indicated below,
- (5) that the Board do record a further recommendation for grant of a bounty at the rate of Rs. 3 per ton on Indian coal exported to any foreign port, the funds for the payment of the bounty being found from the proceeds of the duty suggested under proposal (4) above,
- (6) that the proposed bounty be paid for a period of four years.

27. The proposals formulated in the previous paragraph are on the basis of the present selling prices of foreign coal in India. Should these show a steadily downward tendency after the protective measures have been taken the whole question will have to be re-opened for fresh examination.

Enclosure I.

Statement I.—Showing the production of Indian Coal (including output of Native States) and the quantity of foreign Coal imported into India.

Years.	Output of Indian Coal.	Import of foreign Coal.
	Tons.	Tons.
1906-10 (Average)	11,523,000	344,000
1911-15 „	15,440,000	427,000
1916-20 „	19,356,000	44,000
1921	19,302,000	1,088,468
1922	19,010,000	1,147,695
1923	19,657,000	578,887
1924	21,176,000	402,888
1925 (a) . . . . .	...	328,657

(a) January to August.

Enclosure II.

Statement II.—Showing production of Coal in British India Province by Province between the years 1920 to 1924.

Name of the Province.	1920.	1921.	1922.	1923.	1924.
	Tons.	Tons.	Tons.	Tons.	Tons.
Assam	324,965	312,022	347,650	325,949	334,562
Baluchistan	27,672	42,155	40,632	31,626	29,947
Bengal	4,207,452	4,259,642	4,328,986	4,621,578	5,031,655
Bihar and Orissa	11,973,339	12,964,659	12,708,529	13,171,983	14,100,112
Barma . . . . .	...	300	172	1,271	255
Central Provinces	491,205	712,914	675,841	548,059	679,081
Punjab	58,078	67,242	67,180	63,501	80,422
GRAND TOTAL	17,082,711	18,358,934	18,168,988	18,763,967	20,250,034

Enclosure III.

Statement III.—Showing the import of Fuel Oils into India during the years 1919 to 1924.

Countries whither imported.	1919.	1920.	1921.	1922.	1923.	1924.
	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.
Mesopotamia . . . . .	...	...	...	1,956,500	...	448
Persia	23,196,686	21,372,439	39,372,781	52,425,693	61,994,844	69,900,473
Straits Settlements (including Labnan)	2,376,551	3,445,639	5,433,714	5,920,626	2,470,674	2,136,538
Borneo	8,765,745	17,886,426	4,765,771	4,451,945	7,453,185	16,986,682
Other Countries	975,752	77,123	608,968	480,002	116,331	128,811
TOTAL	35,314,734	42,781,627	50,181,234	65,235,366	72,035,034	89,152,952

Enclosure IV.

Statement IV.—Showing the percentage share of Foreign Coal and Coke imported by each Province during the first eight months of 1925.

Province.	January to August 1925.	Percentage of share.
	Tons.	
Bengal	995	·28
Bombay	208,570	59·72
Sind	80,469	23·04
Madras	14,250	4·07
Burma	45,018	12·89
TOTAL	349,302	100

Enclosure V.

Statement V.—Showing the quantity of Indian Coal (1) Exported abroad, (2) Consumed for bunkering requirements and (3) Used in domestic consumption and miscellaneous industries other than organised industries between the years 1918 to 1923.

YEAR.	Bunker.	Domestic and Miscellaneous Industrial Consumption.	Export.
	Tons.	Tons.	Tons.
1918	1,180,900	4,960,000	74,466
1919	1,576,000	6,240,000	508,537
1920	1,967,000	775,000	1,224,758
1921	1,592,000	4,802,000	299,791
1922	796,000	4,521,000	77,118
1923	819,000	5,016,000	136,585

NOTE.—These figures are extracted from 'Production and consumption in India' published by the Commercial Intelligence Department.

Enclosure VI.

Statement VI.—Showing the coal resources of India and other countries.

Italy	243	Million	Metric	Tons.
Portugal	20	"	"	"
Spain	6,220	"	"	"
Belgium	11,000	"	"	"
India	70,000	"	"	"
Japan	7,971	"	"	"
Great Britain	140,000	"	"	"
France	4,500	"	"	"
Germany	94,865	"	"	"
United States	3,200,000	"	"	"

NOTE.—The figures quoted are those compiled by the International Geological Congress, Canada, 1923. The Paper on India resources was contributed to the Congress by Mr. H. H. Hayden, C.I.E., the then Director of Geological Survey, Government of India.

Enclosure VII.

Statement VII.—Showing the average analysis and calorific value of Indian and other coals.

Coal.	Calories.	Carbon.	Volatile.	Ash.	Moisture.
Dishergarh	7,085	53.16	34.15	9.36	3.33
Best Raniganj	6,920	56.06	32.44	9.10	4.26
Inferior Raniganj	6,380	49.13	33.38	11.04	6.45
First Class Jharra	7,200	68.68	17.68	12.75	1.08
10, 11, 12 Seam, Jharra	6,950	64.35	19.45	15.14	1.06
Inferior Jharra	6,013	59.15	15.60	24.35	.9
Natal	6,950	66.8	18.3	13.4	1.5
Witbank	6,766	54.66	25.72	16.84	2.78
Japanese	7,040	53.69	35.21	7.5	3.60
Chineseo . . . . .	...	71.09	21.18	3.12	4.60
Australian	6,975	52.57	34.84	9.9	2.60
British	7,600	58.84	34.73	2.43	4.00
Native States (Borneo)	7,200	67.53	20.92	3.	8.55

Enclosure VIII.

Statement VIII.—*Showing the position of competition in Bombay.*

NOTE :—The figures are compiled from the issues of 'Commerce' and the date quoted at the top of the column refers to the date of the issue of the paper from which the figures have been tabulated.

Description of Coal.	4th July 1925.	11th July 1925.	25th July 1925.	1st August 1925.	8th August 1925.	15th August 1925.	5th September 1925.	REMARKS.
English . . .	S. S. Neetsfield Durban Navigation. c.i.f. 28s-6d = Rs. 19.	Rs. 30 Ex Scales.	Rs. 30 Ex Scales.	West Hartley Rs. 22 Ex Scales.	...	...	...	...
Natal	Rs. 22 Ex Scales.	Rs. 22 Ex Scales.	Rs. 21-4 Ex Scales.	...	...	...	...
Transvaal (Witbank)	...	Rs. 21 Ex Scales.	Rs. 21 Ex Scales.	Rs. 19-4 Ex Scales.	...	...	...	...
Dishorgarh	Maencil's Rs. 17-8 c.i.f. Yule's Rs. 18 c.i.f.	...	...	Rs. 22 loaded into wagons Rs. 23 delivered.	Rs. 17 c.i.f.	...	...
1st Class Rance-gunge.	...	Best Bengal Rs. 20 Ex Scales.	Best Bengal Rs. 20 Ex Scales.	...	...	...	Damaguria Rs. 18-12 Ex Scales.	...
1st Class Jharra	Smith's Bagdigi Rs. 18-8 c.i.f. Low's Rs. 17-8 c.i.f.	...	...	...	...	...	...
2nd Class	12 Seam at Rs. 16-8 c.i.f.	...	Rs. 20 delivered.	Rs. 20 delivered.	...	...	...

Enclosure IX.

Statement IX.--Showing c. i. f. Bombay price for South African Coal (Natal and Transvaal) from March 1922 to July 1923.

			s.	
March 1922	Witbank Coal (Transvaal) at	37/	c. i. f. Bombay.	
June 1922	St. Georges/Burnside Coal at	31/6	„	„
Sept. 1922	Witbank Coal at	30/6	„	„
Oct. 1922	„ „ at	31/6	„	„
Nov. 1922	Natal Coal at	31/	„	„
Dec. 1922	„ „ at	31/3	„	„
March 1923	„ „ at	32/	„	„
„ „	Witbank Coal at	29/6	„	„
April 1923	„ „ at	29/6	„	„
May 1923	„ „ at	29/6	„	„
June 1923	Natal Coal at	31/9	„	„
July 1923	„ „ at	31/6	„	„
* 1923 October	.	.	s. 30-6-0.	
1924 April	.	.	s. 31-9-0.	
1924 May	.	.	s. 31-9-0.	
1924 July	.	.	s. 32-0-0.	
1924 August	.	.	s. 30-6-0.	
1924 September	.	.	s. 31-0-0 and 29-9-0	
1924 October	.	.	s. 30-0-0 and 29-0-0.	
1924 November	.	.	s. 29-0-0 and 30-0 0.	
1924 December	.	.	s. 29-6-0.	
1925 January	.	.	s. 29-0-0, 29-3-0, 29-4-0, 29-6-0 and 30-0-0	
1925 February	.	.	s. 29-4-0.	
1925 March	.	.	s. 29-4-0.	
1925 May	.	.	s. 29-6-0 and 28-6-0.	
1925 September	.	.	s. 28-3-0.	
1925 October	.	.	s. 26-6-0.	

Note.—These figures represent actual transactions of a Bombay firm.

* These quotations from October 1923 to October 1925 are for Natal Coal and are on a c.i.f. basis.—*Vide* Federation's Supplementary letter, dated 19th December 1925 (Statement III).

Enclosure X.

Statement X.—Showing the average cost per ton of a colliery raising 2,000 tons a month working "Sircari."

	Rs.	A.
1. Coal getting	1	0
(Wages on an average being 10 annas per tub of 13 cwt.)		
2. Coal Raising	0	4
Tramming underground	1	anna
Banksman and onsetter	2	annas
Timbering	1	anna
3. Main driving	0	3
(Average rate payable being Rs. 2 per each 2 feet.)		
4. Machinery, plant and tramway maintenance	0	1
5. Pumping (including wages of boilers)	0	1
6. Boiler Consumption	0	5
7. Tramming and loading	0	4
8. Stacking	0	2
9. Establishment	0	12
10. Stores	0	3
11. Recruiting	0	2
12. Machinery, hut and road repairs	0	1
13. Sale charges or Calcutta establishment	0	6
14. Royalty	0	6
15. Taxes and cesses	0	4
Chowkidari, 2 pies	1	anna
Water Board 7 pies		
Mines Board, 3 pies		
Workmen's Insurance	1	anna
Road Cess	1	anna
Income Tax	1	anna
16. Depreciation	0	3
17. Miscellaneous	0	1
TOTAL		4 14

Statement II.—Letter, dated the 20th November 1925.

In continuation of this office letter No. 1863/8-2 dated the 9th November 1925, I am directed to forward herewith the reply of Indian Mining Federation to the questionnaire issued by the Board. Please note that all the questions in section I of the Board's Questionnaire have been answered by the Committee. On the other hand, the questions No. 24-32, both inclusive, in Section II of the Board's questionnaire have been left unanswered. Necessary informations to deal with these latter questions are now under compilation and the replies thereto will be forwarded as soon as they are ready.

2. I regret owing to pressure of time only one spare copy of the reply could be sent herewith.

Reply to the questionnaire issued by the Tariff Board.

SECTION I.

GENERAL QUESTIONS.

1. (Second Clause). The fall in coal prices since the closing months of 1922 is due to causes already stated at length in paragraph 5 of the Federation's original application. It is grossly incorrect to maintain that the slump is in any way due to increased output of the mines unaccompanied by a commensurate increase in demand. A few simple figures will suffice to disprove such a hypothesis. Statement I attached to the original application is clear and instructive enough in this connection. While the average annual output of Indian mines during the years 1916 to 1920 was 19·3 million tons, the production of 1921 was 19·3, of 1922 was 19·0, of 1923 was 19·6 million tons respectively. The year 1922 though recording a decline in output from the level of previous year was by no means a period of reduced raising. In the earlier months of the year there was a serious and prolonged strike on the East Indian Railway which led to a severe restriction of despatches and consequently, of raising.

The question how far the present slump in coal prices can be attributed to over-production can be better studied if the figures of production of the two important coalfields are intensively studied.

	1919.	1920.	1921.	1922.	1923.	1924.
Jharia	12·1	9·2	10·0	9·9	10·3	10·8
Ranigunj	6·8	4·9	5·2	5·2	5·5	..

(Figures are in millions.)

The following figures indicate the percentage increase or decrease of output in each year in comparison with the previous year beginning from 1920.

	1920.	1921.	1922.	1923.
Jharia	—23·4	+8·2	—1·2	+4·1
Ranigunj	—26·6	+4·2	—0·1	+6·8

It would thus appear that the production of the Indian mines, as for the matter of that, of the principal coalfields has not appreciably increased in the recent years. In fact, the level of production is still decidedly below that of 1919. It is, however, no doubt true that the output of the year 1924 marks some appreciable advance on the level of the previous four years both as regards the entire Indian production generally and that of the two principal coalfields. But it would nevertheless be still idle to maintain that fall in coal prices was due to the increased production in 1924. Had this been so, the slump would not have commenced until a fair part of 1924 had elapsed. As a matter of fact, prices were alarmingly low, at least of the lower grades of coal, as early as the middle of 1923. The fact, moreover, that the year 1924 records an increase of output is not without its obvious explanation. Two factors were operative: firstly, the railway position having been satisfactory, despatches were little handicapped and secondly, the prevailing low prices induced some of the bigger mines to increase output with a view to bring down the cost of production. Increased output of the past year is thus the effect, rather than the cause of the present slump in coal prices.

2. The Committee re-confirm their view already expressed in their original application.

3. There can be little disputing the fact that the railway position with regard to the coal traffic has considerably improved since the beginning of 1924. It is also a fact that a larger tonnage of coal was and is effectively in the market last year and in the current year respectively than in the years preceding. But it would be still a mistake to draw any conclusion from such a position. An increase in supply of a commodity only re-act on price when the demand is constant. In this particular case, it is the demand which has fallen. The tendency of an increased supply to affect price is, nevertheless, still present but in the present case the excess of potential demand entirely overshadowed the shortage of effective supply. The position will be clear when the following figures representing the despatch of coal traffic (in tons) by the E. I. and B. N. Railways are taken into consideration:—

(the figures are in millions.)

1919	.	.	.	.	.	.	.	.	.	.	14.8
1920	.	.	.	.	.	.	.	.	.	.	15.2
1921	.	.	.	.	.	.	.	.	.	.	14.1
1922	.	.	.	.	.	.	.	.	.	.	13.1
1923	.	.	.	.	.	.	.	.	.	.	14.3
1924	.	.	.	.	.	.	.	.	.	.	16.5
1925	.	.	.	.	.	.	.	.	.	.	13.8 (up to 8th November).

It will be observed that in the current year the supply of coal is roughly .5 million ton more than in the year 1920. It is impossible to explain a fall in prices to the extent of over 100 per cent. owing to an increase in supply by roughly 3 per cent. Obviously there are more powerful causes operating in the situation.

4. The Committee have little further information to place before the Board than what they have already done in the original application. From enquiries, the position in Rangoon and Madras also appears to be substantially the same as in Bombay and Karachi.

5. Most decidedly it is. As regards the quality the following extract from paragraph 19 of the South African Coal Commission, 1921, will fully indicate the position:

“The better classes of Natal coal, at present supplied to shipping, have a calorific value of about 14.0, and Witbank District coal supplied by the Transvaal Coal Owners' Association for shipment at Delagoa Bay is guaran-

teed to have a value of not less than 12·5, and actually averages about 12·9. Typical analyses of these coals are as follows:—

	Fixed Carbon.	Volatile Matter.	Ash.	Sulphur.	Moisture.
Natal Coal	66·9	22·4	9·4	1·1	1·2
Witbank District Coal	59·67	24·55	13·47	1·23	1·08

As regards the difference in price, quotations in every centre confirm the view of Transvaal being a coal inferior to Natal.

6. The British coal generally speaking commanding a price Rs. 5 to Rs. 10 higher than the best Indian coal is that imported from Cardiff or at any rate the Welsh coal. The following table representing actual transactions of a Bombay firm will go to confirm this definite conclusion:

Quality.	Date of arrival.	Rate (Shillings.)	C. I. F.
Welsh	28-10-21	47-0	Bombay.
"	19-11-21	46-3	"
"	9-3-22	42-3	"
"	1-4-22	42-3	Bhavnagar.
"	16-5-22	42-3	Bombay.
"	15-8-22	48-0	Bhavnagar.
"	2-3-23	38-8	Bombay.
"	22-5-23	48-0	Bhavnagar.
"	27-10-23	43-3	"

7. According to the information of the Federation, the arrival of low priced North County British coal is a recent development in the coal market at Bombay and the quantity so far imported has not probably exceeded 2 to 3 cargoes. It is impossible to forecast with any precision what would be the position of competition between this coal and the Indian coal. Much would depend on the action taken on the report of the Coal Commission now sitting in Great Britain. It is presumed that the present low prices of even North County coal is due to the operation of bounty at the rate of 5 shillings per ton, should this bounty be continued or increased, it is unlikely that the quotations of this coal will fall. At any rate, it is certain that this coal will always be able to command a price Rs. 3 to Rs. 5 higher than the best grades of Indian coal.

8. The Committee consider it profitless to study this question, for the question of fluctuation of steamer freight payable by South African coal trade is a part of the wider question of the fluctuation of price at which it is able to land coal at Bombay. The figure of 12s. is probably correct so far as it is indicative of the present position. But the Committee are not without apprehensions that it may be lowered with a view to meet Indian competition. The attention of the Board is in this connection invited to Statement IX enclosed with the original application of the Federation.

9. Seeing that the British coal is being quoted at Bombay at 27s. c.i.f., it would appear that the steamer freight is not to-day higher than 12s. The Committee base their conclusion on the information that the cost of production in British mines is at present 16s. 10½d. per ton.

10. The Committee do accept this view. The position in this respect has already been indicated by them in paragraph 17 of their original application.

11. The Committee do not consider it would be in any way instructive to determine whether the prejudice of consumers at Bombay is directed against the Indian coal as such or against the exporters thereof. It is sufficient to recognise that in retrieving the lost position of Bengal coal trade in Bombay, it is necessary to induce the buyers to purchase Bengal coal and the inducement can only be effective if prices are lowered relatively to the South African coal to an extent indicated in the Federation's original application.

12. The answer to this question has already been anticipated in the previous reply. The amount representing the prejudice may, as already suggested, be taken at Rs. 2 quality for quality.

13. This again is a question of more or less historical interest and is little instructive to study now. It can nevertheless be admitted that in the years 1919 and 1920 when coal prices were high, the shippers who were generally middlemen had no doubt to make up a composite cargo and ship a mixture of different grades of coal in order to adjust prices. But the real difficulty which is now experienced by the Bengal coal trade in retrieving its position in Bombay is not ultimately one arising out of these circumstances but is such as is attendant on any attempt on the part of any trade to displace competition which has captured a market.

14. Yes, this is the view of consumers.

15. There can be little disputing this fact. The Committee would here invite a reference to the Statement VII enclosed with the original application and to the reply given under question No. 5 above.

16. The Committee desire to take opportunity of this question to state their attitude with regard to fuel oil imported into India on which a duty of half an anna per gallon has been suggested. It appears as the opinion of the Board that the proposal of a duty on fuel oil raises issues different in their nature from those connected with coal and more far-reaching in their scope. The Committee of the Federation after careful consideration are unable to accept this view. The imported fuel oil is as much displacing Indian coal for industrial use and bunkering from the Indian market as the imported coal. The competition of oil with coal is very direct and obvious and thus raises precisely the same issue as does the imported coal. The Committee venture to offer this opinion not on their own authority but on the finding of the Indian Coal Committee. In paragraph 19 of their report the Committee state "the tendency to use oil and electricity in preference to coal can be arrested . . . only if, as shown by the evidence, there is exported to Bombay good Indian coal covered by a satisfactory guarantee of quality." In paragraph 21 the same Committee clearly admit that there is a competition between oil fuel and coal. Again in their concluding remarks the Committee state that "the change from coal to oil on that section of the North Western Railway which terminates at Karachi and the electrification of the two railways running into Bombay are of significance in this connection." The Committee were here discussing the question how far the price of coal would re-act on their demand and as it is in this connection that the Committee record their view that of coal there are the two formidable competitors, namely, oil and electric power. There is also another authority for the view here put forward. On the 25th of August last the Hon'ble Commerce Member while moving the second reading of the Coal Grading Board Bill in the Legislative Assembly made the significant remarks that "in addition to the competition of other coal, coal from Japan, coal from Australia, coal from South Africa—in addition to that competition we have to remember that more and more every year coal is coming into competition with electric power and also with oil fuel. Oil fuel particularly is becoming more and more popular in the west coast of India." After giving the figures of imports of fuel oil in the recent years the Hon'ble Member concludes his reference to the subject by saying that it is that competition "which Indian coal has now got to meet." The Committee of the Federation are not aware how far this aspect of the question was considered by the Board in deciding that the question of imposition of a protective duty at the rate of half an anna per gallon

on imported fuel oil would not be admitted for consideration. But the Committee for themselves do not find any objection why imported oil fuel should not be considered on a par with the imported coal so far at least, as protective measures, for Indian coal trade are concerned.

17. The point has been sufficiently stressed in the Federation's original application that a general depression is the dominating factor in the coal trade situation to-day. It is certain, therefore, that the price of Indian coal would not increase in the centres (a), (b), (c) and (d) by anything approaching the full extent of the duty. As the Committee calculate the price would increase in those centres probably by Re. 1 to Rs. 3 per ton varying according to the quality of the coal. As regards (e) the price will be very slightly affected, if at all.

18. It is hoped that the increased price would also be effective in regard to bunker coal. It is to be remembered that the coal prices were at their highest in 1919-20 and any attempt that might have been made to avoid the use of Indian coal to bunker boats was exhausted in those years. As a matter of fact, in the recent years the steamship companies and tramp steamers have been used to coal prices higher than what is likely to result from the imposition of the protective duties suggested by the Federation.

19. The Committee do not apprehend a further displacement of coal by oil fuel as a result of the higher prices consequent on the imposition of protective duties. The increase would be relatively small so as to offer the consumers sufficient inducement to take to oil.

20. The Committee's answer to this question is substantially the same as given under the previous question.

21. Despite the tendency present for substitution to oil, the Committee most definitely expect that the imposition of protective duties would result in increase of sale of Indian coal. They estimate the increased market at roughly half a million ton.

22. As already pointed out in the original application of the Federation, the second condition laid down by the Indian Fiscal Commission was not intended to apply strictly to an old or established industry. It is only the new or infant industries which would readily fulfil this test. In paragraph 100 of their report the Commission distinctly observe "that these disadvantages (for the presence of which the second condition laid down by the Commission is easily fulfilled) are most likely to be found in industries which are comparatively young, but an industry may also stand in need of protection as a result of some temporary deterioration or atrophy and even a strong and prosperous industry may derive great benefit by the rapid development of some new branch induced by protection." It is true, as in fact it has been admitted later in course of these replies, that the rehabilitation of the coal industry depends on factors other than protection, but there can be little disputing that the competition with foreign coal can only be met by the Indian coal trade under the shelter of protection. Moreover, a protective duty on fuel oil, if utilised specifically for the benefit of the coal trade as suggested in the Federation's original application will most assuredly re-establish the lost export market of the Indian coal trade. To sum up the position, inapplicable though the condition laid down by the Fiscal Commission is in the case of coal trade, it is still a fact that coal trade will not be otherwise rehabilitated as rapidly as it is likely to be under a shelter of protective measures.

23. The Committee of the Federation are not prepared to accept the proposition unreservedly. Much would depend on the merits of each different application for protection. But assuming even this as an acceptable view, the Committee are strongly of opinion that it has had no bearing on the application of the Federation for protection. In paragraph 105 of their report the Commission was discussing how far the consideration of location of an industry might bear on an application for protection and after recording their definite opinion that cases of unfavourable location will no doubt be taken into consideration by the Tariff Board, they proceed to state that in their view it would not be right to endeavour to secure for an industry such

protection as will enable it to compete in every possible market in India, if this involves giving protection appreciably higher than is required for the success of the industry in the greater part of the country. The language of the concluding portion of the sentence requires careful attention. Obviously the Commission had in view the case of an industry which requires protection on general grounds and it is with regard to such a case that the opinion was expressed that it would not be right to secure for that industry a measure of protection considerably higher than what was justified on general grounds, on the extraneous consideration of the location of industry. So far the coal industry is concerned it is not a question of enhancing the measure of protection on the ground of location but looked at from one point of view, the entire necessity for protection arises from the sole consideration of unfavourable location. Location in the case of coal industry is the determining and not the additional factor justifying protection.

SECTION II.

33. Yes, the Committee of the Federation accept these figures as reasonable estimates.

34. The prices as at November 1923 and November 1925 are indicated below :—

	November 1923.	November 1925.
	Rs. A. P.	Rs. A. P.
Dishergarh	9 0 0	7 0 0
Selected Jharia	8 0 0	6 8 0
First class Jharia	6 0 0	5 4 0
Inferior first class RaneeGUNJ	6 8 0	5 4 0
Second class Jharia	4 0 0	3 8 0

It has been found more convenient to quote for inferior grades of first class RaneeGUNJ coal rather than first class, as the prices of the very best grades of first class RaneeGUNJ coal would approximately approach the price of Dishergarh.

35. Yes, they do.

36. In a period of depression the collieries have no option but to sell at the current rates regardless of the ultimate cost of production. A tendency for uneconomical working sets in: development is entirely stopped, roads, machinery and houses are not properly maintained. Moreover, depreciation on the block account is entirely neglected. The Committee anticipate that if the tension of present depression continues for some time more, it would be impossible to work at a profit except the Dishergarh, Selected and First class Jharia. It is impossible for the Committee to forecast the future with any further precision.

37. So far as the downward limit of price is concerned, probably the lowest has been reached. But as already stated in the previous reply, the actual shutting down of mines would depend not on a further fall of prices but on the prolongation of the period of present depression.

38. In November 1923 stocks were fairly high, as the collieries were not prepared to accept the low prices. To-day, however, the position has been reversed. The trade has to accept the prices ruling as inevitable and with sufficient wagon facilities forthcoming raising is adjusted strictly to the immediate possibility of sale.

39. A growth of internal demand will undoubtedly be a very healthy stimulus to the recovery of the coal trade. It is still more essential to retrieve the external market but this can be secured if a protective duty on oil fuel is treated, as suggested in the original application of the Federation.

40. As the individual shippers are not willing to disclose their business transactions at the various ports, it is difficult to give any precise figure but the very fact that there are few cargoes sent to the various ports is sufficient indication of the fact that prices realised in such transactions are lower than what can be realised on other local sales.

41. The question has been already answered under reply No. 21 above.

42. It is not at all likely that in the event the coal trade recovers from depression, new mines will be opened. The suffering of coal industry from the very beginning and particularly in the recent years has been too notorious to attract further investment of capital. With an improved market it is the closed or half closed mines the raising of which will be stimulated.

43. As already replied under Question No. 17, the protective duties even if imposed will only slightly reflect on the general internal price level. With the bounty on exported coal, however, the position would be different. As at present anticipated, the protective duties by themselves will merely mean a widening of market due to the displacement of imported coal.

44. The Committee would confess that they have no definite information yet to say that the rate of rebate is higher than the rate of 7s. 9d. per South African ton; it is certain that the rate is not lower than this, as it would not have been otherwise possible to quote the South African coal so low as is actually being done at Bombay at present.

45. The Committee of the Federation have not the slightest doubt that it will not be possible even under a protective measure for the best grades of Jharia coal to realise a pithead price of Rs. 9 on coal exported to various Indian ports. In the present depressed state, internal competition will keep the level of prices much lower and to the extent an increased price may be anticipated as a result of a protective duty on imported coal, has already been stated in reply to No. 17 above.

SECTION III.

46. The output of local importance which the Committee had in view are the following:—

Name of Province.	Output roughly estimated.
	Rs.
Baluchistan	30,000
Punjab	80,000
Central India	175,000
Assam	300,000
Hyderabad	650,000
	<hr/>
TOTAL	1,235,000
	<hr/>

A part of the Hyderabad coal caters for a part of Madras Presidency and an allowance, therefore, having been roughly taken at 25 per cent. for it, the figure of 1 million has been arrived at.

47. The agency charge of 4 annas per ton, shown in the cost of shipping coal to Bombay has to be connected with the prejudice of the buyers referred to in Question No. 11 of the Board's questionnaire. In the present state of depression this expenditure is in the nature of a propaganda expense. The shippers of Bengal coal can push coal in markets like Bombay either by having an office there or by appointing agents who would charge remuneration at the rate of 4 annas for the mere service of pushing the coal. In

fact, almost all the cargoes of Bengal coal recently sent out were on consignment, whereas the Committee presume the South African coal imported into Bombay were all against order.

48. According to the information supplied by the shippers here and the merchants from Bombay the total cost of landing coal at Bombay was taken at Rs. 1-12-0 per ton.

	Per ton.		
	Rs.	A.	P.
Lighterage (average of the year)	0	8	0
Landing (labour)	0	11	0
B. P. T. Wharfage	0	3	0
Weighing out when delivering <i>ex</i> scales	0	6	0
TOTAL	1	12	0

To this sum of 8 annas per ton was added, being the duty payable on foreign coal.

49. The Committee should think so.

50. Both the Natal and the Transvaal coal are strikingly uniform in their qualities. At any rate, the margin of variation in qualities is very narrow. The analysis of both these classes of coal given by the South African Coal Commission 1921 goes to confirm this view. At all events no variation in quality is reflected in the price of coal shipped to India.

51. It is the Welsh coal which commands this price varying from Rs. 5 to Rs. 10.

52. The Committee consider such a measure is neither necessary nor desirable. The disability under which uncertified coal will labour in foreign market would be too severe to induce shipment of such coal at all. Moreover, the fact that uncertified coal will not be entitled to the additional rebate in railway freight makes it almost certain that such coal will not be shipped abroad. Having regard to the theoretical objection of undue interference with trade, the Committee would not recommend a total prohibition of export of uncertified coal, at least at this stage.

Statement III.—Letter, dated the 19th December 1925, from Indian Mining Federation, Calcutta.

In continuation of this office letter No. 2049/8-2, dated the 12th December 1925, I am directed to place as under the views of the Committee of the Federation with regard to the various points raised by the Board in course of the oral evidence tendered by the representatives of the Federation.

2. In page 4 of the typed record of the oral evidence, the question was raised whether the coal prices as at November 1923 quoted by the Committee in reply to question No. 34 of the Board's questionnaire are correct or whether the Committee should desire to correct them having regard to discrepancy exhibited with the similar figures supplied by the Indian Mining Association. The Committee have given the matter a further careful consideration and they desire to confirm once more the accuracy of their figures. The explanation for disparity of rates quoted by the Federation Association was already given in course of the oral evidence, to which the Committee have nothing further to add.

3. In page 5 of the record of the oral evidence, the Committee were asked to quote prices of Indian coal at Bombay during the period, from October 1921 to October 1923. It is difficult for the Committee to quote c.i.f. price of Indian coal during the earlier part of this period, as the little Indian coal

sent to Bombay in this period was rail-borne coal over which, it appears, that prices from Rs. 10 to 8 f.o.r. colliery siding were realised in respect of the best grades of Indian coal. Since February 1923, some shipments of Indian coal were sent to Bombay which appear to have realised a c.i.f. price of Rs. 20 to Rs. 19 per ton.

4. In page 6 of the record of the oral evidence, informations were asked for as to the prices of Natal coal during the later months of 1924 and the earlier months of 1925. A statement showing the actual transactions of a Bombay firm is enclosed herewith which will fully indicate the position of this period. The quotations given are of Natal prices and are on c.i.f. basis.

5. In page 6 of the typed record of the oral evidence, the Committee were requested to explain the basis of quotations and the class of coal in respect of which quotations were given in the latter half of the Statement No. IX attached to the original application of the Federation. In reply, the Committee have to explain that the quotations given beginning from October 1923 up to October 1925 are of Natal coal and are on a c.i.f. basis.

6. In page 10 of the typed record of the oral evidence, certain informations were asked for in order to clearly follow the transactions quoted in Statement VIII attached to the Federation's original application. As it will appear, most of the quotations are on c.i.f. basis and the charges for delivering the coal *ex* scales to the mills are in the average Rs. 2 per ton. In other words, the c.i.f. quotations in respect of a certain transaction can be arrived at by deducting Rs. 2 from the rates delivered quoted. The quotations given in the statement under the date 8th August, namely, Rs. 22 loaded into wagon and Rs. 23 delivered would seem to refer to the transactions in rail-borne coal. It is necessary to quote in this connection that the rail freight from the Bengal coalfields to Bombay is Rs. 13-6-0 per ton.

7. With regard to the question whether the duty would be effective and with regard to the bunkering coal raised in page 87 of the typed record of the oral evidence, the Committee have nothing further to add beyond the opinion which they already expressed in course of the oral statement.

8. The question of the comparative cost of oil, electricity and coal as basis of industrial power is still under examination of the Committee.

9. Towards the conclusion of the oral evidence Dr. Matthai raised a point whether the Federation consider that a rebate in railway freight, as granted by the South African railways, still calls for countervailing action, even if the operation of the rebate does not affect the Indian coal trade in the Indian market. With reference to this question, the Committee desire to reiterate their view already expressed that the operation of a rebate is a source of potential danger to the Indian trade, assuming even that it does not affect the Indian trade at a particular time. It is difficult to say why a competing country should grant any concession to a trade if it is not effective and it is difficult to understand how the home trade is not affected if the concession enjoyed by the competing trade is effective.

10. In conclusion, the Committee would desire to advert to the criticism offered from the chair that the scale of duty suggested by the Federation is in effect giving imperial preference to the benefit of South Africa to the detriment of Great Britain. This is an aspect of the Federation's proposal to which the Committee have now given their very serious consideration and they wish to make it particularly clear that it was not the intention to make any discriminative treatment between South Africa and Great Britain which may result to the detriment of the latter; nor do they believe that the differential rate of duty suggested will have any such effect. Bearing in mind the principle that the duty suggested should be the minimum required in the interest of the trade, the Committee have suggested a differential rate only to meet the difference in the intrinsic value of the British and the South African coal. To subject both coal at one rate would be either to suggest an ineffective duty with regard to one or to place an unwarrantably heavy duty on the other.

Quotation of prices of Natal coal (c.i.f.).

	s.	d.
17th October 1924	30	6
1st November 1924	29	6
1st November 1924	29	0
1st January 1925	28	3
16th January 1925	29	0
21st January 1925	28	6
1st February 1925	28	3
27th February 1925	28	3
9th March 1925	28	6
13th March 1925	28	9
27th March 1925	29	0
23rd April 1925	29	4
22nd May 1925	29	0
1st June 1925	29	6

Statement IV.—Letter dated the 28th January 1926, from the Indian Mining Federation.

With roference to your letter No. 44, dated the 26th instant, I am to state that coal prices have further gone down since the Committee submitted their reply to the questionnairo issued by the Tariff Board in November last. The developinont is by no means of an unexpected character, for what were mcrely exceptional quotations in November 1925 have become practically the normal position at present. The prices ruling at present can be indicated as under:—

Disborgarh—Rs. 6-8-0; Solected Jharia—Rs. 6; First Class Jharia—Rs. 5; Inferior First Class Raneegung—Rs. 5; Second Class Jharia—Rs. 3.

INDIAN MINING FEDERATION.

B.—ORAL.

Evidence of Rai Bahadur A. C. BANNERJEE, Messrs. K. M. PURKAYASTHA, AMIRTALAL OJHA and M. N. MUKHERJI, recorded at Calcutta on Thursday the 26th November 1925.

President.—At the outset there are three small points about prices I want to clear up, in order to get them out of the way before we start on more serious discussion. In answer to Question 34, you have given the prices for November 1925 and November 1923; the Association also have given corresponding figures and their figures for November 1923 are from Rs. 2-8-0 to Rs. 3 a ton higher than yours. Is it possible that you have given the figures for November 1924? I will just show you what the Association's figures and yours are:—

	Prices. November 1923 Figures supplied by the Indian Mining Association.	Prices November 1923 Figures. supplied by the Indian Mining Federation.
	Rs. A. P.	Rs. A. P.
Deshergarh	12 0 0	9 0 0
Selected Jharia	10 8 0	8 0 0
1st class Jharia	9 8 0	6 0 0
1st class Raniganj	9 8 0	6 8 0
2nd class Jharia	6 8 0	4 0 0

Mr. Purkayastha.—The rates quoted by the Association seem to be consistently higher. The explanation is, I suppose, that the Mining Association was quoting rates of forward contracts fixed up one or two years earlier, whereas we have been quoting the price of ready sales.

President.—But then it is curious you have given almost identical prices at present.

Rai Bahadur.—At the present time we haven't an occasion for quoting the rates of any forward contracts. The rates which were quoted by the Indian Mining Association for 1923 are exactly the rates at which we entered into forward contracts with the Government for five years. These contracts continued up till March last and evidently the period 1923 was included in that period.

President.—Of course, we will ask the Association what exactly their figures mean. But I think I had better explain to you why we have selected November 1923 as the date for comparison. What was running in my mind was this. At that time, in our steel enquiry, we made a number of enquiries about the price of coal. We formed impressions about the price of coal then, and I thought it would be useful to take that date for comparison for that reason. Then we took evidence on that subject from Mr. Whitworth this is what he said on the 5th October 1923.

"My own opinion is that the price of good Jharia coal, that is selected Jharia and first class Jharia, will come down to some extent after March 1925, but it is doubtful whether these coals would ever be sold to railways in large quantities under Rs. 9 a ton."

Rai Bahadur.—That was what he thought.

President.—If he thought it would never again be below Rs. 9 a ton, it must have been above Rs. 9 a ton then.

Rai Bahadur.—He said it would not be below Rs. 9 in March 1925, but did he tell you at what rates he was purchasing?

President.—We asked him what the chances were of the price of coal coming down. What he said was this. He said that it is doubtful whether first class selected Jharia would ever be purchased by the railways in large quantities for less than Rs. 9 a ton.

Rai Bahadur.—That was what he said then. I will enquire at what price he has been purchasing the same coal since.

President.—It is not a question of what he has been purchasing at now, but is a question at what rate he was purchasing it then. I find great difficulty in accepting these prices. They do not agree with the evidence given by the Tata Company either.

Mr. Purkayastha.—November 1923 marks the beginning of the period of depression when the depression was not as general as it is to-day. To-day there is very little discrepancy between the rates of forward contracts and the ready sales.

President.—I don't want to spend much time on this, because as I say it is not a point of great importance. I should like you to look into it again and make sure because it does not agree with the evidence of Mr. Whitworth and it does not agree with the evidence we have got from the Tata Company. On thinking it over if there is some misapprehension, please let us know.*

Mr. Ojha.—This was the market rate prevailing then.

Mr. Purkayastha.—It is our definite impression that the prices were alarmingly low in respect of the lower grades of coal as early as November 1923. As a matter of fact, a conference was held on 21st and 22nd August presided over by Hon'ble Mr. Chadwick in which the whole question of the prevailing depression of the coal trade was discussed and that is a piece of direct evidence that the question of depression drew the attention of the Government and of the trade as early as that date.

President.—As I say, when the representatives of the Association come before us, we shall ask them what their prices mean.

The second thing about prices is this. If you look at your answer to Question 6, what you say is in support of your view that British coal, generally speaking, commands a price higher by Rs. 5 to Rs. 10 a ton than the price of the best Indian coal. You also adduce certain prices at which a Bombay firm actually imported British coal. But what am I to compare these with? Unless I have got an Indian price to compare them with, I can't find out the difference.

Mr. Purkayastha.—We didn't quote the Indian prices. If we had quoted them, the discrepancy would be readily disclosed.

President.—You have given the British prices for the period 1921 to 1923. If I had Indian prices to compare them with, I could find out the difference.

Mr. Purkayastha.—If we had given the figures for Indian coal, the conclusion would have been almost obvious. We would send a supplementary statement about the prices of Indian coal during the corresponding period.†

Mr. Ginwala.—You might give us some more recent figures.

Mr. Purkayastha.—We have quoted certain figures in Statement VIII attached to the original application.

* Statement III, para. 2.

† *Ibid*, para. 3.

President.—The latest date for which you have given prices is July 1925. I think that Mr. Ginwala wants intermediate figures. If you could give the prices during the year 1924 and 1st months of 1925, that would pretty well fill up the gap.

Mr. Purkayastha.—Yes.*

President.—Then the third point is, if you look at page 17 of the pamphlet which contains your original representation, there is a statement showing the c.i.f. Bombay prices for South African coal. In the prices at the top of the statement, you make it clear whether it is Natal or Transvaal coal, but in the prices at the bottom you don't?

Mr. Purkayastha.—It is an unfortunate omission.

President.—Could you send a revised statement of the latter part of it? It is difficult to ascertain which is which.†

Mr. Purkayastha.—The statement is intended to cover the period beginning from March 1922 to October 1925.

Mr. Ginwala.—What class of coal is it? You have not stated which is Natal and which is Transvaal. If you have got the information, you might send us a revised list.

Mr. Purkayastha.—We would.‡

Mr. Ginwala.—You have given the prices in sterling and the exchange has been varying from 1922.

Mr. Purkayastha.—We are not interested in rupee prices.

Mr. Ginwala.—When you are making a comparison, you must either stick to sterling or rupee prices, you can't have both.

Mr. Purkayastha.—The point I wanted to make is not the relative position of prices of Indian and Natal coal. The point we drove at is that South African coal is gradually reducing prices.

Mr. Ginwala.—It would not help very much unless you make a comparison with the Indian coal. Unless you have got rupee prices at the same time, you can't make a comparison with the Bombay prices.

Mr. Purkayastha.—I see.

President.—From October 1924 onwards we can take the exchange at 1s. 6d. In 1922 we can take the exchange at 1s. 4d. It is only during the year 1923 and the earlier part of 1924 the exchange has been wabbling between these two figures.

Mr. Purkayastha.—What we wanted to point out is that the Natal coal started by selling at 33 sh. and 32 sh. and they knocked their prices down to 26 sh.

President.—That is the common experience in every country in the world. During the last two years the prices of coal, as far as I know, have been steadily falling in every country in the world. I do not know about the United States, but in all European countries it is so. Mr. Ginwala is suggesting to you how you can help the Board. I understand your point is that there has been a steady decline in the price of coal.

Mr. Ginwala.—In statement VIII, at page 16, you don't stick to the same denomination of prices. Sometimes you give c.i.f. sometimes loaded into wagons, sometimes *ex-scales* and in one or two cases delivered. You must give the prices in such a way that we can compare them.

President.—I think the Federation have given us information which enable us to compare *ex-scales* price with the c.i.f. price. I think you tell us that supposing a c.i.f. price is given for foreign coal, it is necessary to add Rs. 2-4-0 to get at the *ex-scales* price, but if it is Indian coal you only add Rs. 1-12-0 because it is not subject to the import duty of eight annas.

Mr. Purkayastha.—That is the average cost.

President.—Do you think that it is sufficiently accurate?

*Statement III, para. 4.

† *Ibid*, para. 5.

Mr. Purkayastha.—Yes. We know in certain cases the lighterage charges used to be higher, but we deliberately refused to take a figure higher than the average.

Mr. Ginwala.—What is this “loaded into wagons”? Is there any difference between that and delivered? I only want to understand them in order that I may compare the prices and see what you mean.

President.—Is it not the point this? What have you got to add to *ex-scales* price to get at the delivered price?

Mr. Ojha.—Rs. 23 delivered means delivered at the mill. *Ex-scales* mean only at bundur.

President.—What is loaded into wagons?

Mr. Purkayastha.—Loaded into wagons at the bundur.

President.—What would be the equivalent price, c.i.f. or *ex-scales*? That is the information we need.

Mr. Purkayastha.—We have put it on the basis of c.i.f. prices.

President.—We can't compare unless we can bring them all to the common denominator. We can't tell what Rs. 23 delivered mean or Rs. 22 loaded into wagons.

Rai Bahadur.—It ought to have been more explicit.

President.—I do not know whether this is important. There is not a great deal of second class coal going. As it happens, the two delivered prices are second class coal. It is mostly first class that is going to Bombay, I think.

Mr. Purkayastha.—Yes, at present.

President.—The prices of the second class Indian coal are not of special significance.

Mr. Purkayastha.—As far as the quality is concerned, we compare our best Jharia quality with the Natal. The second class Indian coal is equal to Whitbank.

President.—What we are concerned with at present is the price of first class coal.

Mr. Purkayastha.—However little they may be, the quotations are all definite transactions.

President.—If you could tell us what we ought to deduct from these delivered and loaded into wagons prices in order to arrive at the c.i.f. or *ex-scales* prices, we would like you to do so.

Mr. Ojha.—We can give you that.*

President.—What I want to do now is to make sure that we understand exactly what the case put forward by the Federation is. When you propose a duty of Rs. 5 a ton on South African coal, as far as I have been able to make out from your figures, the way at which you have arrived at is this. You take Rs. 9 a ton as the reasonable price at the pithead for the best Indian coal. You adopt that price because if it is lower, second class coal cannot be sold at a profit. You add Rs. 13-2-0 for the transport charges to Bombay. I think you round off by eliminating two annas and that makes Rs. 22. From that you deduct Rs. 17 as the price of Transvaal coal which leaves Rs. 5. Is that the way by which the figure was arrived at?

Mr. Purkayastha.—The figures are all correct, but we worked it out through a different chain of reasoning.

President.—Even though you did not actually arrive at it by this way, is it a fair analysis working on your own figures?

Mr. Purkayastha.—That is more or less the position in its larger bearings.

President.—Is it reasonable to take selected Jharia as the typical first class coal?

Mr. Purkayastha.—Yes.

President.—That is what we took in the questionnaire.

* Statement III, para. 6.

Mr. Purkayastha.—Yes.

President.—That is what you also have taken it, is it not?

Mr. Purkayastha.—Yes.

President.—The price you want is Rs. 9 a ton at the pithead for selected Jharia.

Mr. Purkayastha.—Yes. May I explain the point? Because Natal coal is a coal which corresponds more in its qualities to selected Jharia than Deshergarh—high carbon percentage with relatively low volatile.

President.—I remember the Coal Committee said something on these lines. After reading the Coal Committee's Report I gathered that the selected Jharia would be the best coal to take as typical.

Mr. Purkayastha.—Yes. They also suggested the shipment of a mixture of Deshergarh and best Jharia.

President.—As regards the Rs. 10 duty proposed on other coal, it is really based on the price of British coal. Apparently the analysis is this that Rs. 22 a ton c.i.f. Bombay is taken as the fair price for Indian coal. The duty which equalises British and Indian coal you take as Rs. 7 which makes it Rs. 29 and British coal is actually imported at Rs. 19 and the difference is Rs. 10.

Mr. Purkayastha.—Substantially this is correct.

President.—It harmonises with the duty you propose on South African coal.

Mr. Purkayastha.—It does.

President.—Does that mean about Rs. 17 a ton is what you can actually sell selected Jharia at in Bombay?

Mr. Purkayastha.—Rs. 19.

President.—I am talking of c.i.f.

Mr. Purkayastha.—Our quotations are all c.i.f.

President.—What can you get at present for selected Jharia?

Mr. Purkayastha.—We can get Rs. 19, but it is very difficult for us to get Rs. 19, so long as Whitbank coal can be offered at Rs. 17.

President.—I am not on the question of what you ought to get.

Mr. Ojha.—At present we can't get more than Rs. 17.

President.—You can get about Rs. 17?

Mr. Ojha.—Yes.

Mr. Ginwala.—That is c.i.f.?

Mr. Ojha.—Yes.

President.—That is to say, the same price as Transvaal. The eight annas duty just wipes out the slight preference that the Bombay consumer would have to Transvaal over selected Jharia, is that it?

Mr. Purkayastha.—Yes.

President.—Then I take it you want these new duties in addition to the eight annas.

Mr. Purkayastha.—It is in addition to the eight annas duty now in force.

President.—I am not criticising anything. I am simply trying to make sure what your position is. You have told us, in answer to one of the questions in the questionnaire, that you don't expect in the near future the imposition of the duties would actually enable you to realise Rs. 22 a ton.

Mr. Purkayastha.—Quite so.

President.—You said that the increase in the price might be from Re. 1 to Rs. 3.

Mr. Purkayastha.—Yes.

President.—That of course raises the question as to the justification of the proposal. It occurred to me that perhaps your position was this. You ask for these rates of protection not in the hope you will be able in the near future to sell selected Jharia at a pithead price of Rs. 9 a ton, but in order

that the protection given may still be effective at Bombay and Karachi, even if the price at the pithead did rise to Rs. 9 a ton.

Mr. Purkayastha.—Why we maintain that the full extent of the duty would not be effective is that we recognise the present depression of the trade. It is precisely because we are now faced with the depression that we consider it is impossible for us to realise this at present; at the same time, we find that we ought to.

President.—What it means is that if the price did rise to Rs. 9 a ton, the duty ought to be retained and ought not to be abolished.

Mr. Purkayastha.—It ought to be retained at Rs. 5.

President.—Even if the price rises to Rs. 9 a ton?

Mr. Purkayastha.—Yes.

President.—You tell us, in answer to Question 12, that the amount representing the prejudice may as already suggested be taken at Rs. 2, quality for quality.

Mr. Purkayastha.—Yes.

President.—If you could actually get Rs. 19 a ton to-day, that means Rs. 6 at the pithead which is eight annas less than the price you have given for selected Jharia. I think that your price is Rs. 6-8-0.

Mr. Purkayastha.—Yes.

President.—As regards the result of the imposition of the duties, you have told us that it would give an increase in the output of Indian coal of about half a million tons.

Mr. Purkayastha.—It would give us a wider market to that extent.

President.—Unless it materialises, it is not much good to the industry?

Mr. Purkayastha.—It is the effective output

President.—There is also this to be taken into account that the output will be a little more than that. I fully recognise that in order to sell 500,000 tons more of coal you would have to raise perhaps 600,000 tons because there is the wastage and there is the colliery consumption.

Mr. Purkayastha.—That is a small point.

President.—The addition to what you hope to sell is half a million tons and that is clearly the maximum figure.

Mr. Purkayastha.—Yes, at present, assuming the present extent of import is the normal position of import.

President.—If there was a general improvement of trade there might be a larger demand, but it cannot be put higher than half a million ton at present?

Mr. Purkayastha.—I do not know if you will consider this relevant. But if, as in the case of Sukkur Barage scheme, the Government—the Irrigation Department or some other Department—buy for one reason or another foreign coal, that naturally enhances the extent of import.

President.—At the present rate of consumption, that is all you can hope for.

Mr. Purkayastha.—Excuse me, I am not prepared to accept that. Even if the consumption be the same, the imports may increase.

President.—You have got to lose that before you can gain it. In addition to what you are producing, it cannot be more than half a million at the present rate of consumption. The protective duty might give you a greater increase in output if there was an increase in consumption.

Mr. Purkayastha.—I am afraid I cannot accept that either, because 500,000 is not a figure which will very materially reflect on the output.

President.—I am not criticising it. It is merely this. It is only a question of what you think the result would be. I am not putting forward my view. I shall have to say something later on; but I am not saying anything just now. I am not trying to catch you out in any way.

Mr. Purkayastha.—The result would be a widening of the market by half a million tons.

President.—If the duty were fully effective, the Indian coal trade would get that.

Mr. Purkayastha.—Yes.

President.—Is that all you can get?

Mr. Purkayastha.—Yes, assuming this is the normal extent of the imports.

President.—In the second place, you have told us that you don't think that in the greater part of India it would have much effect in the matter of price.

Mr. Purkayastha.—No, we do not think so.

President.—One would imagine that that would be the case, because the increase in the output is hardly large enough to affect the price of coal in the greater part of India.

Mr. Purkayastha.—Are you referring to the transport position?

President.—An increase in the price generally might come about if there was a very big increase in the demand, so that all the mines could produce coal to capacity and sell it. But as far as I can judge, 500,000 ton is not a large enough quantity to produce that result, and therefore the protective duty would not affect the price of coal in the whole area economically dependent on Calcutta.

Mr. Purkayastha.—That is our view too.

President.—You have also said that in the four ports named in one of our questions, viz., Madras, Rangoon, Bombay and Karachi, you anticipate an increase in the price of one to three rupees a ton.

Mr. Purkayastha.—Yes.

President.—I can understand the answer as regards Bombay and Karachi, but do you really think that you will get the extra one to three rupees in Madras and Rangoon?

Mr. Purkayastha.—Yes, that is our view.

President.—Let me put it this way. Let us take illustrated figures. Supposing the price you get at Bombay to-day leaves you Rs. 5 at the pithead, then the price at which you sell at Rangoon will leave you Rs. 7 at the pithead, because there is a difference of two rupees in the transport charges. If the price is already Rs. 7 at Rangoon, it won't go up because the internal competition will keep it down.

Mr. Purkayastha.—I don't follow the argument.

President.—The price at which Indian coal, i.e., selected Jharia, is sold at Bombay leaves to the producer Rs. 5 a ton at the pithead. The charges to Rangoon are approximately Rs. 2 less, so that if you get the same price at Rangoon, it will leave you at the pithead not five rupees but seven rupees, is not that so?

Mr. Purkayastha.—The same pithead price.

Mr. Ojha.—We cannot expect the same c.i.f. price in both the places.

Mr. Purkayastha.—In all centres of competition we realise more or less the same pithead charges.

President.—I don't see why you should! It is very difficult to understand that.

Mr. Purkayastha.—If that were not the case, and supposing we were realising in Rangoon a pithead charge of Rs. 7 instead of Rs. 5, all the shippers would be shipping to Rangoon.

President.—If you could realise in Bengal a price which would leave you at the pithead Rs. 6-8-0, why shouldn't you get that at Rangoon?

Mr. Purkayastha.—For sometime temporarily it may be that shipment to a particular port is more remunerative. It will only be for a time but directly the trade finds this out, you will find more shipments to that port and the internal competition will reduce the price in that centre.

President.—Is it your position then that in Rangoon to-day the price of Indian coal is determined only by internal competition?

Mr. Purkayastha.—No, it is only one of the factors.

President.—Let me begin again. What can you realise at the pithead for coal sold in Rangoon to-day?

Mr. Purkayastha.—More or less the same price of Rs. 6.

President.—I should like to know if possible a definite figure.

Mr. Purkayastha.—The position is that we realise exactly the same pithead price. The c.i.f. quotations vary, but the pithead price is exactly the same in respect of one particular class of coal.

President.—If it is Rs. 5 for coal sold in Bombay, it is only Rs. 5 for coal sold in Rangoon?

Rai Bahadur.—If the transport charges are less, the quotations are less.

President.—If that be so, then the Transvaal coal selling in competition with you at Rangoon ought to realise Rs. 15.

Mr. Ojha.—We do not know at what price they are selling.

President.—I am afraid we are not making much progress. The impression produced in my mind is that the prices at Rangoon and Madras are already regulated almost exclusively by internal competition. If so, I cannot understand how you will get an increase in the price by the imposition of the duty.

Mr. Purkayastha.—In every centre of competition, there are two sets of causes operating, firstly, the competition between the Indian coal and the foreign coal and secondly, there is the other competition between one Indian shipper and another.

President.—Judging by the very small volume of imports into those places, it certainly looks as if the main factor at work is the internal competition. The imports into Rangoon have gone down very low. The total imports for 5 months from April to August 1925 is only 5,000 tons and in 1924-25 the total imports were only 19,000 tons. It certainly looks as if the main factor affecting the price in Rangoon is the internal competition between the Indian mines.

Mr. Purkayastha.—The potential foreign competition which may not be effective is also a factor.

President.—I find great difficulty in thinking so.

Dr. Matthai.—Your position is that the differences between the various markets are the differences in respect of charges above pithead, the pithead price being the same in every case.

Mr. Purkayastha.—Yes.

Dr. Matthai.—That accounts for the difference between Bombay and Rangoon?

Mr. Purkayastha.—Yes. At a particular time the shipment to a particular port may be more remunerative, but that position cannot continue for long.

Dr. Matthai.—Only for a short time.

Mr. Purkayastha.—Yes. Directly the trade finds that to be the case, there will be more shipments to the same port and the internal competition will force the price down.

President.—It does not follow in the least that the internal competition would lead to that result. If so, the internal competition would have brought down the Indian price down to Rs. 5 at the pithead.

Mr. Purkayastha.—May I point out that in 1923 some of the leading shippers organised themselves into a combine and wanted to send coal to Bombay and try the market there. Since that date, some other shippers followed suit and right through 1924 the internal competition was a great factor.

President.—But even under protection, you would be still underquoting each other.

Mr. Purkayastha.—We don't ignore that.

President.—In these circumstances, I don't see how you are going to get an increase in the price.

Mr. Purkayastha.—Because we will eliminate the foreign competitor.

President.—In order to get down to the lever terms, if the difference in the c.i.f. price of coal to-day at Rangoon is Rs. 2 less than at Bombay, the South African competitor has got to reduce his price of coal by Rs. 2 at Rangoon.

Mr. Purkayastha.—He can.

President.—For that reason, he gets into the Rangoon market to a limited extent?

Mr. Purkayastha.—Yes.

President.—So, the foreign competition in Rangoon is really not effective.

Mr. Purkayastha.—A lot of South African coal goes to Singapore.

President.—And not to Rangoon. Singapore is a more profitable port. I have drawn your attention to the fact that I feel a great difficulty about anticipating any rise of price at all in Burma and Madras as a result of protection. Even in Madras, I am very doubtful.

Mr. Ginnala.—One of the points we have got to consider is, if you are given the protection you are asking for, whether you would really benefit by it.

Mr. Purkayastha.—I follow. Our idea is that the price would go up in the centres of competition, but owing to the general depression in the trade, it will not lead to any immediate increase in price.

President.—As far as the increase in the market is concerned, you have already got such a large proportion of the Madras and Burma markets that there is not much more to get. I will give you the figures if you like. In 1924-25 the total imports into Burma were 19,000 tons and the imports into Madras 31,000 tons.

Mr. Purkayastha.—Is that foreign coal?

President.—Yes, all foreign coal.

Mr. Ojha.—Against this 19,000 not an ounce of foreign coal was taken by Rangoon before.

President.—In the four years from 1910-11 to 1913-14, the average of the imports of foreign coal into Burma was 28,000 tons. It was bigger than the total import of 1924-25. In Madras, it is the other way. 9,000 tons was the average of the four years.

Mr. Purkayastha.—We base our calculation on potential foreign competition.

President.—Let me put it this way. If it were only Madras or Rangoon that you wanted to capture, it would be hardly worth while worrying about the extra market of 50,000 tons. But what you have got to look to is Bombay and Karachi—and it is clear from your own representation that it is there you hope to get some substantial benefit out of protection. What you may get in Madras and Rangoon won't be a great deal. I don't think I fully understand exactly what you mean when you say "As the Committee calculate the price would increase in those centres probably by Re. 1 to Rs. 3 per ton varying according to the quality of the coal." Would it be Rs. 3 for selected Jharia and Re. 1 for 2nd class Jharia or something like that?

Mr. Purkayastha.—The better the quality, the higher the price it commands.

President.—You have told us that for selected Jharia you can get about Rs. 17 a ton in Bombay. If you add Rs. 3 to that, it comes to Rs. 20 and if you deduct the transport charges, that leaves you Rs. 7 at the pithead. What about the internal competition then?

Mr. Purkayastha.—What is the point?

President.—I am only translating into figures what you put in words. You told us that Rs. 17 was what you could get for selected Jharia in Bombay. You think that the increase in the duty will give you Rs. 20?

Mr. Purkayastha.—It is like this. In the original application we point out that there are certain shipments selling at Rs. 17 but the legitimate price ought to be Rs. 19.

President.—It is not a question of what you ought to get, it is a question of what you will get.

Mr. Purkayastha.—When we propose a duty of Rs. 5 on South African coal, our idea is that prices will go up by Re. 1 to Rs. 3.

President.—Re. 1 to Rs. 3 more than what? I want to get plain about that.

Mr. Purkayastha.—The price will be from Rs. 20 to Rs. 22.

President.—Let us stick to our old friend the selected Jharia. What do you think the increase in the price of selected Jharia will be?

Mr. Purkayastha.—Rs. 21 to Rs. 22.

President.—Rs. 21 is what you hope you would get and not what you think you ought to get. In answer to Question 17, you say "As the Committee calculate the price would increase in those centres probably by Re. 1 to Rs. 3 per ton varying according to the quality of the coal." All I want to get at at the moment is what do you think the increase in the price of selected Jharia would be?

Mr. Purkayastha.—The present shipments are unremunerative.

President.—It is not a question of remunerative or unremunerative shipments. It is not a question of what you ought to get but what you can get. You may put the duty at Rs. 100 but the price would not rise by Rs. 100. I am purely on the question of what you actually will get as prices are. Is it one rupee, two rupees or three rupees more which you think selected Jharia will rise to? I don't think it is an unfair question to ask.

Mr. Purkayastha.—That is a perfectly fair question to ask. What we had in view was this. Certain shipments are being made at Rs. 17. We don't recognise this Rs. 17 as indicative of any normal position at all. The normal position according to us is Rs. 19. What we meant by that the prices would increase by Re. 1 to Rs. 3, was that the price of selected Jharia might go up to Rs. 22. At Rs. 17 it is no shipment.

President.—Let me put it this way. Try and follow my figures. All you can get at present is Rs. 17 per ton for selected Jharia.

Mr. Purkayastha.—Yes.

President.—Supposing the duties are imposed and you send your agents to Bombay saying "I am now willing to sell at Rs. 20 a ton." If you get it, that would give you Rs. 7 at the pithead for selected Jharia.

Mr. Purkayastha.—Yes.

President.—Don't you think it is probable that somebody else would be in the market saying that he would sell for Rs. 6-8-0 or possibly even as low as Rs. 6.

Mr. Purkayastha.—May do.

President.—If so, how can you get more than an increase of Rs. 2?

Mr. Purkayastha.—As soon as you eliminate the foreign coal

President.—This increase in the price will not take place until you have gradually overcome the existing prejudice. That is your view, is it not?

Mr. Purkayastha.—The prejudice exists because of the presence of foreign coal.

President.—You may call it a prejudice against Indian coal or a preference for foreign coal, whichever you like. When you have got the custom to the Bengal coal again and satisfied the Bombay consumers what they get is all right and so on, then after that you think the price might go up from one to three rupees.

Mr. Purkayastha.—I recognise now that our answer is a little mis-stated.

President.—Would you like to withdraw your figures of Re. 1 to Rs. 3?

Mr. Purkayastha.—Yes, in a way. What we meant was an increase of Re. 1 to Rs. 3 over our reasonable price which is Rs. 19.

President.—Let us wash out the figures and start again. Let us limit ourselves to the first three months after the duty is imposed. I want to know what increase, if any, is likely to result to Indian coal, i.e., selected Jharia in the first three months after the imposition of the duty?

Mr. Purkayastha.—From Rs. 19 to Rs. 21.

President.—Do you think that in the first three months you will be able to realise Rs. 19 to Rs. 21 for selected Jharia?

Mr. Purkayastha.—Not for selected Jharia.

President.—I am asking you about selected Jharia?

Mr. Purkayastha.—Something in the neighbourhood of Rs. 21.

President.—How can you? The price of Rs. 21 would mean Rs. 8 at the pithead?

Mr. Purkayastha.—Yes.

President.—Do you mean to suggest that other producers would allow you to do that?

Mr. Purkayastha.—The competition is not confined merely to coal of one quality. The competition is between different grades of coal. There will be the lower grades of coal offering at Rs. 20 and the buyers would be glad to buy that.

President.—What increase in the prices of selected Jharia is likely to result in Bombay in the first three months after the imposition of duties?

Mr. Purkayastha.—In the neighbourhood of Rs. 3 per ton.

President.—If the price of selected Jharia is Rs. 6-8 at the pithead, what I am putting to you is, can you realise more than that for the coal you sell in Bombay?

Mr. Purkayastha.—We cannot.

President.—What I am trying to get at is this. So long as the price of selected Jharia at the pithead is Rs. 6-8 a ton, what is the most that you can get for selected Jharia in Bombay?

Mr. Purkayastha.—Rs. 7-8 a ton; one rupee at best more than now.

President.—That is to say, instead of Rs. 17 it would sell at Rs. 18 a ton?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—Why do you say that you would realize even one rupee more? If coal sells at Rs. 6-8 a ton at the pithead, people can buy coal and ship it to Bombay?

Mr. Purkayastha.—Shipment means finding finance; it is not everybody who can do it. It is only certain firms who have got good financial standing who would care to run through the expense and trouble of shipment, once they are sure, under the shelter of the import duty, to realize a higher price than they would be able to get in ordinary transactions.

President.—What you mean is that as long as the prices does not exceed Rs. 6-8 a ton at the pithead, you can only get Rs. 18 under protection for selected Jharia?

Mr. Purkayastha.—Yes; the price for the moment is Rs. 17 a ton.

President.—I should have thought that it might be a little higher than that, because if you take Rs. 13 away from Rs. 18, that leaves only Rs. 5 at the pithead, which means that the producer is willing to accept a substantially lower price for coal sold in Bombay than the average price of coal.

Rai Bahadur.—It is not that they are willing to accept but that they have no other alternative.

Mr. Purkayastha.—But we must remember that we are talking of things in a depressed market.

President.—That is right. I am only trying to ascertain the facts. I am trying to draw your attention to this, that if it is a fact that Rs. 18 is all

you can get for selected Jharia, that would mean that the producer was willing to accept Rs. 5 at the pithead for coal sold in Bombay.

Mr. Purkayastha.—The point is that if there is a wider market—we cannot count on it, but there is just a chance

President.—What you mean is that the pressure to sell might be a little less, and you can ask for a little more, say Rs. 18-8?

Mr. Purkayastha.—Yes.

President.—It is for you to tell us that.

Mr. Purkayastha.—Yes, it may gradually rise.

President.—Supposing you then established your coal firmly in the Bombay market, how long will it take you to re-acustom them to take Indian coal?

Mr. Purkayastha.—Not very long.

President.—Do you think two years is a reasonable time to take?

Mr. Ojha.—Not so long.

Mr. Purkayastha.—The course of price of Indian coal in Bombay will correspond with the course of general prices in the market.

President.—That is to say, it will depend on the average price at the pithead. Is that what you mean?

Mr. Purkayastha.—Yes.

President.—Is it a sort of permanent feature of the trade that the producer will accept a little less for coal sent to out-of-the-way markets like Karachi and Bombay?

Rai Bahadur.—Not always.

President.—It depends on the condition of trade at the time?

Rai Bahadur.—Yes.

Mr. Purkayastha.—In a depressed market like the present, they may be getting a little less, but in 1919-20, for example, the producer was getting more for his shipments.

President.—Conditions were for several years abnormal.

Mr. Ginwala.—I just want to learn a bit about your coal business. How do you compare the different qualities of coal—I mean what is the principal constituent of coal which is the determining factor? You have given 5 items in statement VII. Which is the determining one in coming to the quality?

Mr. Purkayastha.—I am afraid, scientifically speaking, each of them is effective enough to determine the quality, but from the commonsense point of view, the positive factor is the carbon, and for certain specific purposes the presence of high carbon is an advantage, and then the two negative factors are the ash and moisture. The higher the percentage of ash and moisture the worse the coal.

Mr. Ginwala.—You find that Jharia contains more carbon than Dishargarh?

Mr. Purkayastha.—For certain purposes Jharia is better than Dishargarh. Boilers which employ forced draught can do admirably with Jharia coal, but people who do not use such boilers require coal which has more volatile. The presence of high volatile is necessary for certain specific purposes such as smelting, cement manufacture and so on. The negative factor is the presence of ash. For general industrial purposes we go by the quantity of the carbon and the two negative factors, that is the percentage of ash and moisture.

Mr. Ginwala.—Is it more or less true that the kind of coal that can stand a good chance in Bombay and Karachi is first class selected Jharia?

Mr. Purkayastha.—I don't accept that position. I said that in the present state of competition it is better to compete by first class coal.

Mr. Ginwala.—Let us go by the present conditions. Your present difficulty is with regard to Natal and Transvaal coal and to compete against that coal you have got to give your best coal, isn't that so?

Mr. Purkayastha.—Initially, yes.

Mr. Ginwala.—That is first class selected Jharia. And therefore, we may assume that if India is to compete against South Africa, she must compete by means of this first class Jharia?

Mr. Purkayastha.—Yes, unless we are sheltered otherwise.

Mr. Ginwala.—Is there sufficient first class Jharia coal available in India to supply the whole of the Bombay and Karachi markets at present?

Rai Bahadur.—Yes.

Mr. Ginwala.—Without necessarily increasing your cost?

Rai Bahadur.—Yes.

Mr. Purkayastha.—There are a lot of mines which are working first class, and it does not mean increased cost for them to raise more coal; on the other hand, it means lower cost.

Mr. Ginwala.—I merely want to know what the position is. Then you think you are able to supply this first class Jharia coal without difficulty?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—You will admit, will you not, that there is a prejudice against the Indian coal at present in Bombay?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—Therefore, if you are to remove that prejudice in the quickest possible time, you have got to see that Bombay gets first class selected Jharia coal. Is it not so?

Mr. Purkayastha.—What Bombay cares about is coal in good condition.

Mr. Ginwala.—It is no use going into other questions. We are assuming now for the purpose of argument that if you want to compete successfully in the present condition of the market and if you do not get any protection, you will have to give your best quality of coal which at present is the first class selected Jharia.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—In order that this prejudice against you should disappear, you must continue to supply selected Jharia coal to Bombay, should you not?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—The absence of protection is the surest guarantee just now that you would stick to the best quality of coal in selling to Bombay?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—If that guarantee is removed and you get this protection of Rs. 5 a ton, what is there to prevent inferior coal from going to Bombay?

Mr. Purkayastha.—There is no harm in that.

Mr. Ginwala.—There is. The Bombay customer says "I am willing to use Bengal coal provided I can rely on the quality of the coal." He says that formerly he bought Bengal coal but he did not get the quality of coal he wanted.

Mr. Purkayastha.—The Coal Grading Board ensures that.

Mr. Ginwala.—Supposing there was a duty of Rs. 5 a ton, will there be then any such guarantee as exists now that Bombay will get selected Jharia?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—Will you agree that if any coal was to be exported to Bombay it must be first class Jharia as certified by the Grading Board?

Mr. Purkayastha.—The quality of the coal to be shipped depends on the buyer. If it is third class coal, the Grading Board certifies it as such and the buyer knows that it is third class. The complaint in 1919-20 was that shippers were humbugging the buyers and were passing off inferior coal as first class coal. Now the Coal Grading Board ensures protection for the buyer.

Mr. Ginwala.—There are two things to be considered. First of all, you want this duty of Rs. 5 a ton. Then under the Coal Grading Act there is a

sort of a bounty in the form of rebate on freight. If you send second class coal to Bombay, will you claim a rebate on the freight?

Mr. Mukherji.—Yes. If the quality is approved by the buyer, we will get a rebate on the freight. The buyer will have full knowledge of the quality that he may expect, he will select the coal according to his own requirement, and the Coal Grading Board will ensure that he gets the quality he wanted.

Mr. Ginwala.—Then, so far as you are concerned, you are in favour of all grades of coal being exported to Bombay, provided it is certified by the Grading Board?

Mr. Mukherji.—And provided it is accepted by the buyer.

Mr. Ginwala.—It is not a question of the buyer being satisfied. What the Grading Board will do is merely this that if you are sending second class coal it will certify it as such. Then, will there be the same protection for the Bombay consumer of coal under Rs. 5 a ton duty as he would have under the Coal Grading Act?

Rai Bahadur.—He would have it always.

Mr. Ginwala.—So far as you can tell us, there will be no ground for complaint in regard to the quality of the coal?

Rai Bahadur.—No, absolutely none.

Mr. Mukherji.—May I interrupt you for a minute. In the case of foreign coal, it is not first class coal that always comes in. The buyers import according to their requirements. Likewise, they may take selected Jharia or any other quality of coal and the Grading Board will certify the quality of the coal he purchases. The Grading Board publication will show the composition of the coal as well.

Mr. Ginwala.—Do you really think that, if this duty of Rs. 5 a ton is imposed, you would be able to sell second class coal in Bombay?

Mr. Purkayastha.—Yes.

Mr. Ojha.—A lot of second class coal was taken by Bombay in pre-war days which has now been captured by Transvaal coal—Whitbank coal is no better than the Indian coal—and the same thing may happen later on although we may have to export the best Indian coal to begin with.

Mr. Purkayastha.—Second class coal also has got burning value as first class coal. The economy of coal purchase is measurable in rupees and annas.

President.—What Mr. Ginwala is driving at is, I think, the evidence we had in our paper enquiry from Messrs. Andrew Yule and Company as regards the costs of paper pulp mills at Naihati and at Chittagong. They showed a much lower consumption of coal in their estimates for the Chittagong mill than they actually got in these mills at Naihati. We asked them for an explanation and they said the reason was this: At Naihati they used second class coal, but the cost of raising steam was about the same whether first class or second class coal was used. You would use more second class but it would not cost you more in Calcutta. If however the second class coal were to be transported to Chittagong, it would cost more than first class coal, because the freight would be the same for first class and second class coal. What Mr. Ginwala means is that the freight charges are so heavy that a difference in price of Rs. 2 is not enough to get the second class coal to Bombay.

Mr. Ginwala.—That is what I am trying to point out. Let us take concrete figures. Supposing you got Rs. 17 for your first class selected Jharia, what would you get for your second class coal?

Mr. Ojha.—At present we don't think we can expect more than Rs. 14.

Mr. Ginwala.—Take a case such as the President has just given. In the case of paper, we found that about 4½ tons of second class coal was roughly equivalent to 3 tons of first class. Therefore, in this case 3 tons of coal will cost Rs. 51, whereas 4½ tons will cost Rs. 63, and therefore, the consumer would rather use first class than second class coal. If you get Rs. 17 for the first class coal, you cannot sell second class coal for more than Rs. 14 a ton, is it not so?

Mr. Purkayastha.—As I said before, both these prices are unremunerative.

President.—He is not on that point at all. What is the difference between selected Jharia and second class Jharia at present?

Mr. Purkayastha.—Rs. 6 and Rs. 3-8-0.

President.—It is very little more than half, but normally what would be the relation? Take November 1923. It is about Rs. 4 to Rs. 6 at the pithead. That would roughly mean that 3 tons of second class would do the work of 2 tons of first class Jharia. Take the current price. If you add Rs. 4-8 to the second class, that makes it Rs. 8 and if you add that to the first class, that makes it Rs. 11, and they are on an equality roughly on that relation. If it is Rs. 8 and Rs. 11 at Calcutta, it would be something like Rs. 16 and Rs. 22 in Bombay.

Mr. Ojha.—Of course, Mr. Ginwala's point is this, that so long as they can manage their works by paying Rs. 51 for first class coal, why should they pay Rs. 54 for second class, but the difference is not always as much as that. There are good second class coal where the difference is less than that.

Mr. Ginwala.—The bulk of the price of long distance coal consists of freight. If they use more second class, that coal in proportion costs a good deal more than its intrinsic value.

Mr. Purkayastha.—Yes, conceivably.

Mr. Ginwala.—Anything is conceivable, we are dealing with actual facts now.

Mr. Ojha.—As a matter of fact they buy second class coal now for certain purposes.

Rai Bahadur.—We are losing sight of another point, that at times the consumers find that for certain kind of boilers they require a mixture of Dishergarh and second class Jharia.

Mr. Ginwala.—Other things being equal, if a man has the choice of using first class and second class coal, he would consider what would be cheaper for him. Here freight being exactly the same on either quality of coal, and the freight forming by far the largest proportion of the price of the coal, would he not find it more economical to use first class instead of second class coal?

Rai Bahadur.—He might find it more economical to use a mixture.

Mr. Ginwala.—It may be so under special conditions.

Rai Bahadur.—No. That is usually the case; that was the normal condition of things before the war.

Mr. Ginwala.—Is it your case that Bombay is buying any second class coal just now?

Mr. Purkayastha.—No, not any second class Indian coal.

Mr. Ginwala.—Is it not due rather to the fact that the price of the second class coal compared with that of the first class is not low enough?

Mr. Purkayastha.—But not cheap enough consistent with their burning value.

Mr. Ginwala.—That is just the point.

Mr. Purkayastha.—That is what I admit, but as I say theoretically talking.....

Mr. Ginwala.—I am not talking theoretically at all. From the consumers point of view I want to know whether you can really satisfy us that the second class coal stands a chance at present.

Mr. Purkayastha.—No, so long as first class coal is sold at Rs. 17 or Rs. 18.

President.—What it comes to is this that, until the conditions change, i.e., a change in the average price at the pithead, second class coal won't get to Bombay.

Mr. Purkayastha.—Without the least hesitation I accept that.

President.—So long as the price of selected Jharia remains at Rs. 6-8-0 at the pithead, you won't get any particular increase in the price of coal sold in

Bombay and therefore there won't be a sufficient difference to enable second class coal to get in there.

Mr. Purkayastha.—Immediately.

President.—I quite agree that, if the price of first class selected Jharia at the pithead rose to Rs. 9, and if you had these duties, then it is quite possible, but not until then.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—At the present moment, supposing a duty is imposed, it would be the mines producing first class coal that immediately reap the benefit. Is not that so?

Mr. Ojha.—Yes. It may eventually be displaced to some extent by second class coal.

Mr. Ginwala.—That is to say, if the gap between the first class coal and the second class coal really widens. If the first class coal becomes very expensive, then the people would prefer to use second class coal; in that case the inferior mines would be benefited. Is not that what you mean?

Mr. Purkayastha.—Yes.

Rai Bahadur.—The inferior mines would get the benefit the other way. If all the first class coal were to be exported, then the second class mines would benefit in the matter of inland consumption.

President.—Would there be any difficulty in producing an additional quantity of first class coal?

Mr. Purkayastha.—There would be no difficulty.

President.—If you don't adhere to that answer, it is quite open to you to tell us.

Rai Bahadur.—There is always a limit to the production of first class coal.

Mr. Ginwala.—It is only a question of 500,000 tons. That is not going to affect the position of the second class mines.

Rai Bahadur.—It does to this extent. If first class coal could not be exported to Bombay, and if it was reserved for the consumption of other towns or other consumers, the second class coal would be replaced by that much quantity.

Mr. Ginwala.—I asked you before whether there would be any difficulty in finding this extra quantity. You said "no." Therefore, it follows that by any protective measures that may be adopted, the inferior mines will not benefit.

Mr. Purkayastha.—Initially.

President.—Not until the prices rise?

Mr. Purkayastha.—But there will be a tendency of prices increasing.

Mr. Ginwala.—The object of imposing these duties is to shut out foreign coal.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—Is it not a fact that you have got to compete with the same countries in other markets such as Colombo and Singapore?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—Supposing you shut out South African coal from India, South Africa has got to get rid of a certain quantity of coal. Would not your position then be far more difficult in the other markets?

Mr. Purkayastha.—It cannot be worse than the position to-day.

Mr. Ginwala.—Just try and understand my question. You say South Africa is competing with you in three markets, Bombay, Colombo and the Straits. South Africa produces a surplus of 1 million tons which it has got to get rid of and you prevent it from selling 500,000 tons in Bombay. Formerly, out of the 1 million tons, it has to get rid of only 500,000 tons in the other

markets. Now it has got to get rid of one million tons in the other two markets. Would not you be prejudiced in those markets by that fact?

Mr. Purkayastha.—The competition would be more intense and more desperate. But, as I said, we have no position in the other markets at present.

Rai Bahadur.—It is true, but then if we can sell at Bombay with profit, we would like to sell at the other markets at a less price.

Mr. Purkayastha.—We have no position in Singapore and very little position in Colombo. It is precisely for that reason we think any proposal for protection should also include the question of bounty.

President.—What Mr. Ginwala is really suggesting to you is this. Your exports now amount to 200,000 tons. If you get the market in Bombay for 500,000, you might lose the little position you have in the other principal markets. Consequently, the net increase in the market would be less than 500,000 tons.

Mr. Purkayastha.—At present we have been making no shipment to Singapore and of course there is some coal going to Colombo for the Ceylon Railways. Again the position of competition there is already so severe that we don't think that South Africa realises more than 6 shillings as pithead price. Really, it would be very amazing if they can knock their prices further down.

President.—You don't think it would lead to a reduction in the price of South African coal in Colombo, if it were shut out from India.

Mr. Mukherji.—No.

Mr. Purkayastha.—Without extraneous assistance we have to disappear from these markets.

Mr. Ginwala.—In the enquiry before the Coal Committee the point was how to recapture your foreign markets and they proposed certain measures. The object of those measures was to enable you to compete in those markets. Supposing, as a result of our enquiry, this other position follows—South Africa has got this additional half a million to get rid of in those very markets—what would be your position then?

Mr. Purkayastha.—Knowing as we do, Indian coal can only compete at Singapore, if the pithead price of Indian coal does not exceed Rs. 2-8-0. We consider our position is desperate enough.

President.—You might lose what little you have.

Mr. Purkayastha.—We have none to lose.

President.—India exports about 200,000 tons. Is not that a comparable figure with the 500,000 tons imported?

Mr. Purkayastha.—That is to Colombo.

President.—I don't think all that goes to Colombo. That is your total export figure.

Mr. Ginwala.—Supposing you don't lose the markets at Colombo and Singapore, the chances of your getting any hold in those markets will be still smaller.

Mr. Purkayastha.—Probably.

Mr. Ojha.—That is why even in the face of the rebate recommended by the Coal Committee, we have asked for a bounty.

Dr. Matthai.—I want to know what your expectations precisely are. What you are expecting primarily at this stage is an increase in your sales?

Mr. Purkayastha.—Yes.

Dr. Matthai.—You have admitted to the President that the state of internal competition in this depressed market is such that, even in a market like Bombay, it is not likely that you would get an increase of price corresponding to anything like the duty.

Mr. Purkayastha.—No.

Dr. Matthai.—Primarily you are looking at this stage for an increased sale.

Mr. Purkayastha.—Yes.

Dr. Matthai.—The moment you speak of an increased sale in the Bombay market then of course you are up against the question which Mr. Ginwala has now raised, that is to say, to what extent you will be able in that way to help the second class collieries. Primarily, the people whom you want to protect by means of this duty are the people who find it most difficult to carry on, and if, as a result of an increased sale in the Bombay market, you are not able to help the second class collieries, it seems to me from your point of view the case for protection loses a good deal of its weight.

Mr. Purkayastha.—That is the immediate position. That is not the ultimate position.

Dr. Matthai.—You are expecting that this increased sale would not be possible, unless the South African coal was ruled out from the market. It postulates that the price of South African coal will go up by something like the duty that you propose.

Mr. Purkayastha.—Yes.

Dr. Matthai.—At any rate, you expect the price of South African coal will go up in the Bombay market.

Mr. Purkayastha.—Yes, unless they give an additional rebate.

Dr. Matthai.—That is your expectation with regard to the South African coal. Now on this question of prejudice, I suppose more or less South African coal stands on the same footing as the better class of Indian coal.

Mr. Purkayastha.—Yes.

Dr. Matthai.—As far as South African coal is concerned, if any preference is given now by the purchaser in Bombay, it is a preference based purely on prejudice?

Mr. Ojha.—Yes.

Dr. Matthai.—It does not correspond really to the quality?

Mr. Purkayastha.—With reference to this we have to look at the things historically. Let us see what the position was when the South African coal trade first got a footing in the Bombay market. In the year 1921, when the coal prices were very high, when the wagon difficulty was very acute, it was at this very unfavourable moment that the foreign competitor came in and came in under very good auspices, the Railway Board themselves placing an order for one million tons.

Dr. Matthai.—That does not really touch my point.

Mr. Purkayastha.—The success of South Africa is not wholly due to prejudice, but to a combination of other circumstances.

Dr. Matthai.—I was trying to analyse what really the prejudice amounts to. I have read your evidence and the way I understand this prejudice is this: Partly it is that for a certain period of time you have been cut off from the Bombay market. And your absence from the Bombay market has led people to use foreign coal and therefore you find it very difficult to resume your connections. That is one point. Another point that has been urged by some of the witnesses before the Coal Committee is that consignments of coal from this side of the country have been so bad that—on account of bad quality—a prejudice has been created. What I am trying to get at is, when you speak of prejudice against which you want protection, that prejudice might be either a prejudice on account of bad quality or prejudice simply on account of the lack of communication with the market for a certain time, am I right?

Mr. Purkayastha.—Yes.

Dr. Matthai.—As far as British coal is concerned, it is a real difference of quality.

Mr. Purkayastha.—Yes.

Dr. Matthai.—Are there people now in the Bombay market who would like to have British coal for special purposes?

Mr. Ojha.—I think to some extent.

President.—If there is a special need for British coal as such, are we justified in ruling it out altogether?

Mr. Purkayastha.—It is not a proof that we do really require.

Dr. Matthai.—Are you suggesting, with regard to British coal, that there is not merely a difference of quality, but that there is also prejudice to some extent?

Mr. Purkayastha.—There is a real difference in quality.

President.—We might now pass on to the causes which have led to this application being presented for protection. You have told us in paragraph 4 of your representation—I am paraphrasing your wording a little—that there are several causes for the existing depression of the coal trade. The importation of foreign coal is only one of the reasons, and I don't think you consider it as the most important. The other factors being absent, there would probably be no need for protection. At present protection is proposed not as a complete cure to the disease, but only as an alleviation. That is practically what it comes to.

Mr. Purkayastha.—Yes.

President.—You analyse the causes of depression under four heads. One is the loss of the export market, another is the decline in the bunkering demand, the third is the industrial depression in India and the fourth is the loss of your outlying markets in India which is principally Bombay and Karachi.

Mr. Purkayastha.—Yes.

President.—As regards the decline in the bunkering demand, I take it there is really no cure for that except an improvement in the world trade generally. Calcutta has, of course, always been the biggest bunkering port.

Mr. Purkayastha.—There is a real fall in consumption.

President.—Is it not due to the fact that there are fewer ships coming? Whatever the Government of India might do, they cannot make ships come to Calcutta. The only thing as regards bunkering is a general improvement in the world trade.

Mr. Purkayastha.—Yes.

President.—As regards the loss of the export market, the causes which led to that were very much the same as those which led to the loss of the Bombay and Karachi markets.

Mr. Purkayastha.—Not at all. There was an embargo.

President.—I beg your pardon. I agree that there was no embargo to Bombay and Karachi.

Mr. Purkayastha.—No, we had to get a license.

President.—There is a distinct difference between these two cases. We are not concerned with the export coal just now, so I won't go into that. As regards the industrial depression in India, I should like to know what you are thinking of in that respect. Are you thinking of the short time working in jute mills and things of that sort?

Mr. Purkayastha.—We are thinking of the industries started immediately after the war. We are not referring to the demand of any organised industries. We are referring to the figures quoted in our statement.

Mr. Ginwala.—What do you mean by organised industry?

Mr. Purkayastha.—Leading industries. I am referring to the statement compiled by the Director-General of Commercial Intelligence. May I in this connection refer you to our statement No. V in our original application?

President.—What inference you draw from that?

Mr. Purkayastha.—We have stated in so many words that in 1919 there was a big demand from those smaller industries.

President.—That was rather an abnormal period. You could hardly expect that all these industries would go on indefinitely. It was the same all over the

world. In every country in the world everybody was starting new industries and in the end it did not come to any good.

President.—The only depression you refer to in trade is the disappearance of these minor industries that was started in the boom period and mostly disappeared.

Mr. Purkayastha.—That is one factor.

President.—Apart from that, do you suggest the depression in trade has affected the demand for coal in India?

Mr. Purkayastha.—In the leading industries?

President.—Yes.

Mr. Purkayastha.—In the statement we are referring more to the smaller industries.

President.—There is just one point I should like to draw your attention to and that is the very big increase in the demand for coal by the steel industry. It has gone up since 1923. There has been an increase in the demand, I suppose, for making steel and they must be using 1,200,000 tons to-day as against 500,000 tons before. There is an increase of 700,000 tons as a direct result of protection. The point is this. In 1923 they were making about 125,000 tons of steel which would mean a consumption of a half million tons of coal. This year they were making something over 300,000 tons of steel and consuming about 1,200,000 tons of coal.

Mr. Purkayastha.—I suppose you are referring to Tata's works. Their purchases do not affect the public.

President.—Supposing protection for steel had been withheld, what would be the position then?

Mr. Ojha.—They have got their own mines and they can produce more coal.

President.—As a matter of fact, they have also got large contracts with the other mines. The point is that the position of the coal trade on the whole would have been a great deal worse than it is but for the fact that steel is protected.

Mr. Purkayastha.—Probably.

President.—What I am suggesting to you, therefore, is that Government had already indirectly done a good deal for it, and the increase in the consumption of coal in steel making should fully counterbalance any reduction owing to the disappearance of the minor industries.

Mr. Purkayastha.—What is the extent of the increase?

President.—As compared with 1923, I should think about 700,000 tons they have already got, and when they get their full output, they will consume another 200,000 tons.

Mr. Purkayastha.—As pointed out, it is true that, but for this protection, the coal trade would have been worse, but even then this increased consumption of Tata's are not affecting the market at all.

President.—Supposing protection had not been given, all the coal produced in these collieries would have been thrown on the market. Instead of that it is used in steel making.

Rai Bahadur.—McLeod and Company used to heap all the coal. They could not come to the market to sell. The whole stock kept by the McLeod and Company which was meant for Tata's never affected the market. Tata's are simply taking delivery and are also producing more coal from their own collieries.

Mr. Givwala.—The total consumption of coal in India has increased and so much more coal has to be produced?

Rai Bahadur.—Yes.

President.—When an industry is in a depressed condition there are obvious signs of it which one expects to find. One of them is reduction in the output. In 1924, your output was the second largest in the whole history of India.

Mr. Purkayastha.—Yes.

President.—It amounted to 92 per cent. of the production of 1919. Do you consider that an output of over 21 millions ought to be regarded as a low output for the Indian Coal industry?

Mr. Purkayastha.—We have given an explanation of this increased output.

President.—Do you regard the output exceeding 21 million tons as a low output for the industry indicating depression?

Mr. Purkayastha.—It might.

President.—All I want to know is what you think about it.

Mr. Purkayastha.—It might.

President.—It is a very peculiar position. You come to the Government of India in the face of the fact that your output last year was the second largest you ever had and ask the Government of India to take measures which can chiefly benefit you by increasing your market. That is a little unusual.

Mr. Purkayastha.—I don't think so.

President.—If an industry was producing 92 per cent. of its very best year, we would say that it was rather lucky that it was able to produce such a large output.

Mr. Purkayastha.—As we replied to question 3 that this increased production in 1924 is rather the effect of depression than the cause of it.

President.—In what sense?

Mr. Purkayastha.—I think I have to make my position more clear. In 1920 the production was lower than 17 and odd millions, next year it was 18 or 19 million tons. But the potential demand in the country was much higher than the market could effectively supply. In 1924 the prices were low. There was little strength in the demand, but even then the collieries which were realising per ton less profit was trying to keep their aggregate profit intact by selling more.

President.—The point is in the main what you are asking for is a larger market which you have got already.

Mr. Purkayastha.—I dispute that because, as I say, in the other years the real demand was much higher.

President.—Higher than what?

Mr. Purkayastha.—May I refer to the figures in Answer No. 3? These are the figures of effective supplies in various years. We argue that these figures which represent the effective supplies do by no means represent the demand. The potential demand was much higher than the effective supply.

President.—Higher than the quantities moved by railways.

Mr. Purkayastha.—Exactly.

President.—I am quite willing to admit that. It does not follow that it was higher than 23 million tons.

Mr. Purkayastha.—I have argued later what is the position to-day. It is true, in 1924 we raised, say 3 per cent. more than we did in 1919 but the difference in price is about 100 per cent. You cannot explain the fall in price of 100 per cent. by an increase in the production of 3 per cent.

President.—There is no suggestion whatsoever that an increase in the output has led to anything. In answer to question 3 you have given this explanation:

“In the present case the excess of potential demand entirely overshadowed the shortage of effective supply.”

I think I follow the answer now even after the explanation you have given. You are referring to the year 1919.

Mr. Purkayastha.—Yes, the potential demand was much higher.

President.—The conditions of that year were abnormal not only in India, but in every country in the world. I am still finding difficulty over this. Is it

your view that an output which is less than the output obtained under abnormal conditions is to be regarded as low output?

Mr. Purkayastha.—The psychology is this. In 1924, a man selling coal at Rs. 6-8-0 per ton in 1917, had to sell his coal at Rs. 3-4-0. This man who was realising less profit was anxious to keep his aggregate profit intact. He had to accept these low prices as inevitable, but as a business man he wanted to keep his aggregate profit intact. Hence his anxiety to sell and, therefore, to raise more coal.

President.—I don't think we shall get any further on these lines. So, we shall pass on. There is one question to which you will be able to give us a general answer at least, and that is question 38. The question was "How do the stocks of coal at the mines at present compared with the stocks held in November 1924 and November 1923?" It is merely a question of fact. Are they higher at present than they were in those years, are they about the same? What is your information? I know what you have said in your answer, but it does not answer the question.

Mr. Purkayastha.—The stocks are to-day lower.

President.—They are lower to-day than they were in 1923?

Mr. Purkayastha.—In 1923 there were very high stocks.

President.—It is not a question of explanation. It is a question of fact.

Mr. Purkayastha.—I do accept the position that the stocks were higher in 1923 than at present.

President.—In 1924?

Mr. Purkayastha.—Even in 1924 the stocks were higher. As between 1923 and 1924 we are not in a position to express any opinion just now. On both these years, viz., in November 1923 and also in November 1924, the stocks were decidedly higher than they are to-day.

President.—If that were so, it means that the coal that is being raised is going into consumption.

Mr. Purkayastha.—Yes.

President.—You had in this industry, what we have found in other industries, a big accumulation of stock. I take it that it means that if they cannot sell their coal, they won't raise it, that is what it comes to. They regulate their raising according to the demand. That I understand to be your position.

Mr. Purkayastha.—Yes.

President.—I quite agree with you that it would be unfair to say that any increase in output had led to the depression. We did not suggest in the first question in the questionnaire that an increase in the output was responsible for the slump in price. What we suggested was not that the mines were actually producing more but that they could do so if there was any one to buy it. Then look at the answer you gave to Mr. Ginwala that there would be no difficulty in producing more.

Mr. Purkayastha.—The margin of productive capacity is not yet exploited. I see.

President.—As regards your answer to question 1, I have nothing to say to that. It is the case, is it not, that the brief period of prosperity the industry enjoyed towards the end of the war and a year or two later led to the formation of a good many new enterprises in the coal trade.

Mr. Purkayastha.—Yes.

President.—If you have a large number of new mines started in three or four years' time, you will have an increase not necessarily in the output but in the productive capacity. I don't think that there is really any difference of opinion. It is a fairly big increase. I took the trouble to go through the last issue of Coal Statistics and something approaching 2 million tons was produced in 1924 by mines which were not started in 1920.

Mr. Purkayastha.—One of the factors responsible for this increased production is precisely the fall in price.

President.—I am coming to that. I want to ask the questions I have to ask about the output before embarking upon the question of price. Is it your view, putting aside Madras, Burma, Bombay and Sind, in the rest of India it is practically the internal competition and nothing else that regulates the price?

Mr. Purkayastha.—Yes, that is the immediate factor.

President.—Indirectly, if you could send more coal abroad, it might gradually diminish the pressure to sell and therefore indirectly it would affect the price.

Mr. Purkayastha.—Yes.

President.—The question of export of coal outside India does not come into this enquiry. In the greater part of India, the price of coal is determined by internal competition.

Mr. Purkayastha.—As you put it.

President.—As far as that part of India, that is, the greater part of India, is concerned, protection would be ineffective in raising the price.

Mr. Purkayastha.—Yes.

President.—Therefore, what it comes to is this. It is rather an abnormal case unlike others where the duty would give a substantial increase in price.

Mr. Purkayastha.—It is a different case.

President.—Before coming to the question of prices, I want to refer briefly to your answer to question 3 once more. When I put that question whether the improvement in transport facilities had not contributed to the low price, both you and the Association are inclined to think that it has something to do with it. On the other hand, both the bodies are anxious that we should not attach too much weight to it. I don't think, as far as I know, any of us will be disposed to do that. It is merely this that it struck me that it probably might have a share and at this stage of the enquiry we have got to ascertain facts. As far as I can judge, it is not more than a contributory cause, and there would have been a big fall in price anyhow. As regards the causes of depression, that is all I have got to ask.

Mr. Ginwala.—On the whole, one of the causes of depression from your point of view is the fall in the pithead price.

Mr. Purkayastha.—That is an indication of depression.

President.—That is the effect rather than the cause, that is the suggestion.

Mr. Ginwala.—That is to say, if there was a more genuine demand in the country, prices at the pithead will be higher.

Mr. Purkayastha.—Undoubtedly.

Mr. Ginwala.—Therefore, conversely, if the prices are low, the demand is apt to increase.

Mr. Purkayastha.—No, not at all. The demand is not regulated by the price. It depends probably to a slight extent on the price.

Mr. Ginwala.—Do you mean to say that the demand does not depend upon price?

Mr. Purkayastha.—The demand cannot be created. When you are laying down categorical propositions like that.....

Mr. Ginwala.—I am not laying down any categorical propositions. What I am trying to find out is whether owing to this drop in prices the consumption of coal has not increased.

Mr. Purkayastha.—No.

Mr. Ginwala.—You don't think so?

Mr. Purkayastha.—Not the least.

Mr. Ginwala.—Excepting 1920, you will find that there is a progressive increase in the raising of coal.

Mr. Purkayastha.—Yes, but the raising has got to be judged relatively to the demand. The position of supply, so far as it can react on the price, has got to be judged with reference to the demand.

Mr. Ginwala.—We are not discussing any economic theories. I want to know whether in practice owing to this drop in prices of coal the use of coal has not increased in the country?

Mr. Purkayastha.—The increase in consumption has taken place but that is not due to the fall in prices.

Mr. Ginwala.—There has been an increase in the consumption of coal and your point is that that increase has got nothing to do with the drop in the price of coal?

Mr. Purkayastha.—Yes.

Mr. Ginwala.—What makes you think so?

Mr. Purkayastha.—I will tell you why. This figure of increased or more effective supply in the previous years does not represent the actual demand of these years. The demand was much higher.

Rai Bahadur.—The demand could not be sufficiently met on account of the difficulties of transport.

President.—In those earlier years, if the Railways had moved the coal, much more coal would have been consumed?

Rai Bahadur.—Exactly.

President.—Nobody can prove it one way or the other.

Mr. Ginwala.—I am taking the case of Bombay. If there is this increase in the price that you anticipate, you don't think that the demand for coal in Bombay would be affected.

Mr. Purkayastha.—No.

Mr. Ginwala.—Why should you say no?

Mr. Purkayastha.—Unless the industry closed down, how would they meet their requirements of coal?

Mr. Ginwala.—They may not start any new industries. The demand may not increase.

Mr. Purkayastha.—New industries would mean new demand. What I contend is that the present demand would not diminish.

Mr. Ginwala.—You don't think so?

Mr. Purkayastha.—No.

Mr. Ginwala.—Do you mean to say that no matter how much the price goes up, an industry must go on using the same amount of coal. Is it your contention that if the price of coal in Bombay goes up by Rs. 3 a ton, it will not affect the consumption in Bombay.

Mr. Purkayastha.—It won't affect the demand.

Dr. Matthai.—The coal trade has been passing through a period of depression all over the world during the past two or three years. I happened to see some figures of the coal trade. If you take 30 coal exporting countries of the world, you will find that the total output since 1913 has increased, that is to say, to-day in spite of a very considerable fall in the demand for coal, on account of fuel economy, schemes and other things, there has been an actual increase in the aggregate output. That suggests to my mind a real state of over-production—meaning by over-production a small increase in the supply accompanied by a large fall in the demand. The point I want to raise is this. In India you cannot expect to be free from influences that proceed from a world situation of that kind. All these countries are scrambling for export markets. Now necessarily you are bound to feel the pressure here. You won't be free from it even if protection were given.

Mr. Purkayastha.—As a matter of fact the problem we have got to face is the problem which you stated just now. If I may refer you to the report of the South African Coal Commission, the Commission deliberately formu-

lated a policy how South Africa could get away its surplus production to the ports in the Indian markets.

Dr. Matthai.—I quite realise that. The position in the world generally which South Africa had to face was different from the position which we have got to face. You have been putting protection forward as a measure of alleviation. I don't think that you would get very much out of it. All that I am concerned to point out just now, is that this is a problem which is so widespread that protection is not likely to be of much use.

Mr. Purkayastha.—You raise a very large question and you will please excuse us if we state our case with reference to what has been the position of the coal trade historically. The coal trade in India has been subject to so many disabilities that though protection, ideally speaking, may not be a correct remedy for all our ills, we still consider that it is a reasonable remedy.

Dr. Matthai.—There is just one other point. I notice that if you take a country like South Africa the pithead price has come down very considerably since 1920 or 1921. The pithead price of British coal has also come down since 1921 after the settlement of the strike in 1921.

Mr. Purkayastha.—What is the figure to-day?

Dr. Matthai.—I don't know. I am stating this general position that there has been a decline in the pithead prices in all countries with which you are competing. The position in Bengal is that the pithead price has steadily gone up from Rs. 3½ to Rs. 7½.

Mr. Purkayastha.—The period of higher raising cost starts in 1918 and ends in 1921. We placed the figures before the Indian Coal Committee to show that.

Dr. Matthai.—Could you refer me to those figures?

Mr. Purkayastha.—(Handed in the report).

Dr. Matthai.—There has not been a general drop. It has been going up and down.

Mr. Purkayastha.—Our general position is that 1921 marks the highest point in the cost of production. Another difficulty is this that under Indian conditions it takes some time before we are sure that there has been a general decrease in cost of production.

Dr. Matthai.—What do you mean precisely?

Mr. Purkayastha.—The organisation of neither the labour nor the capital is complete. The endeavour of each is isolated. You cannot expect, for instance, that as a result of one resolution, wages would be lowered. Any tendency, therefore, in the movement of cost of production takes time before it definitely clarifies.

President.—Before coming on to the theoretical justification of protection I have some questions to put about the market that you hope to gain—that is your estimate of half a million tons. I think half a million is a little sanguine. For one thing it takes no account of the re-exports. It is not a very large amount, but still it was 65,000 tons in the last year. These re-exports are entirely from Bombay and Karachi. There is a very little cargo coal which is re-exported, but the greater part of it is coal bunkered for shipment without landing. The Collectors of Customs tell us that the procedure in these cases is that the importers pay the duty and immediately put in a claim for a drawback, of seven-eighths and no doubt they would continue to do so, and although Rs. 5 a ton duty would mean a good deal more than one anna, it would not amount to anything like effective protection. Therefore, I don't see how you can capture that part of the bunker trade, that is the coal that is imported for transshipment from vessel to vessel direct.

Mr. Purkayastha.—At present shippers are making deliberate attempt to retain their hold on the Bombay market by offering coal at a considerably low price.

President.—I am not on that just now. My point is this, that the duty won't help you as regards coal which is transhipped from vessel to vessel

direct. I can't give you the total quantities exactly because they have not been separately recorded. But roughly it is something like this. The total re-exports in 1924-25 were 65,000 tons, bunker coal transhipped direct from vessel to vessel was about three-fourths of that, that is about 50,000 tons, while cargo coal was only about 15,000 tons. It seems to me that you have got to cut out the re-exports in arriving at the market you can possibly capture.

Mr. Purkayastha.—Do you suggest that these re-exports to the extent you state just now are a normal feature?

President.—It is quite normal because cargo coal is only 15,000 tons.

Mr. Purkayastha.—According to the figures of the Commerce Department, the re-exports up to 1921 was very limited, in fact it practically did not exist. In 1922 the re-export tonnage was about 22,000 tons but prior to that there was very little.

President.—But all the same if we put a heavy duty on foreign coal the temptation—the incentive to tranship coal direct from vessel to vessel without landing will become much greater. Isn't that so?

Mr. Purkayastha.—Yes, but will that mean diminution of the potential demand for Indian coal in these centres?

President.—Under protection the amount of re-exports would not go down, but would at least be as great as they are at present.

Mr. Purkayastha.—But the position we don't accept is that it will increase.

President.—But there is no reason for thinking that it will decline.

Mr. Purkayastha.—No.

President.—If you take the imports for 1924-25 for the four provinces, omitting Bengal, the total imports were 446,000 tons, re-exports 65,000 tons, nett imports 381,000 tons, so that half a million ton may be a little on the high side. I put it to you that with protection there is more reason for transshipping coal direct from vessel to vessel and there is no reason to expect that re-exports will decline and therefore it is quite reasonable to admit 65,000 tons as the figure for re-export.

Mr. Ojha.—I think it would decline because it would not be possible in that case to carry more coal than what is required for bunkering only. At present they bring coal as cargo.

President.—It is usually done by special arrangement, is it not? I rather understood from what the Coal Committee said that it was done by special arrangement, and that a vessel would take cargo coal when it was going to be held up for want of cargo. I am not an expert in these matters but this is the impression left in my mind from what the Coal Committee said.

Mr. Purkayastha.—The tendency for re-export in that case will not decline.

President.—Then in that case from the estimate of the market you can capture you have got to deduct the re-exports.

Mr. Purkayastha.—What we have had in view is that we must not base our objective on the actual imports of a particular year but we thought it would be safe to base it on the potential demand and that is why I say that roughly, even having regard to the lower imports in the last two years, half a million tons will be a safe estimate.

President.—I think it will be very dangerous to base it on the imports of the earlier years. You yourselves have taken very nearly the mean of the imports of 1923-24 and 1925.

Mr. Purkayastha.—But when we take into consideration the depression in the cotton mill industry—

President.—That does not affect the figures of these years.

Mr. Purkayastha.—But for this factor we presume the imports would have been greater.

President.—Was the cotton industry running short time up to March 1925? I have not heard of any short time working.

Mr. Ginwala.—The strike started in September.

President.—I don't quite see how you can reject the imports of these last two years as a satisfactory basis because the gross imports agree with your own estimate which is a little over half a million tons. All I am suggesting to you now is that in order to get a reasonable estimate one must deduct the re-exports and I think it is a reasonable view that it is the nett imports and not the gross imports that one must have regard to. If you take that I don't personally see how on the figures of 1924-25 you can make the imports for the whole of India take a higher figure than 400,000 tons and about 350,000 tons for Bombay and Karachi.

Mr. Purkayastha.—Don't you think we would be justified in generalising on a wider perspective?

President.—No I don't think so. I think things were much more normal in the two later years than in the two earlier years.

Mr. Purkayastha.—Would you care to take into consideration the pre-war figures?

President.—I don't think we can, because the South African coal has come into the market as an entirely new development. As regards the demand for coal in Bombay, we cannot take the pre-war figures because a good deal of coal has been displaced by fuel oil and hydro-electricity, and therefore the figures of total consumption in Bombay are not applicable. If you take the total imports of Bombay and Sind as 350,000 tons, it is a little important to find out how much of that is imported for the sake of domestic consumption and how much for bunkering. According to the annual Returns for Bombay, the figures given in the statistics are, I think, 99,000 tons in 1923-24 and 64,000 in 1924-25. We discovered within the last two or three days that these Bombay figures supplied by the Collector of Customs are purely for Indian coal. In addition to that foreign coal is bunkered, and so far we have only succeeded in getting figures for the first 8 months of the current year, and the amount of foreign coal was 88,000 tons which is equivalent to about 123,000 tons for the whole year.

Mr. Purkayastha.—As against 99,000 tons of Indian coal?

President.—Yes. The whole point is this. Out of the imports into Bombay, foreign coal is 289,000 tons, but apparently no less than 120,000, or possibly more, was not imported for consumption in India but used for bunkers, so that the actual consumption in Bombay is not quite so much as it appears.

Mr. Purkayastha.—So far as we are concerned, it does not matter what the purpose is.

President.—In one sense it does matter. You are anxious to sell for bunkering purposes and it matters a great deal whether you can get it or not.

Mr. Purkayastha.—I see, that is a relevant point.

President.—All that you have said in your answer to the questionnaire is that you hope to capture the bunkering trade if the prices rise to the extent you indicate.

Mr. Purkayastha.—Yes.

President.—You see, the shipping industry is in very much the same position as the Indian coal industry. It is complaining that times are hard; you have got to shut down your mines; they have also to lay up some of their ships and stop sailing. In these circumstances, don't you think that they would be very anxious to take every possible step they can to reduce their costs?

Mr. Purkayastha.—May I know when a slump in the shipping trade started?

President.—We have been hearing of that for the last two years.

Mr. Purkayastha.—But two years ago they were paying a very much higher price.

President.—You say in answer to question 18 “As a matter of fact in the recent years the steamship companies and tramp steamers have been used to coal prices higher than what is likely to result from the imposition of the protective duties suggested by the Federation.” That rather suggests that the amount you pay for your coal becomes a matter of habit. But you must remember that a great many of the ship owners come from the city of Glasgow where people look three times at a penny and six times at two pence, and I would ask you not to be too sanguine about their paying a higher price for their coal than they can help! Seriously my point is this. Times are hard and they will take every possible step to reduce their costs, and a matter of eight annas a ton on their coal is quite an important matter.

Mr. Purkayastha.—But don't you think there is a limit to the boats carrying coal for bunkering?

President.—My own view about the bunkering trade is this. You can get some of it undoubtedly. For instance, take the coastal trade. These vessels do not visit any other ports except Indian ports and they will have to bunker at Indian ports; they might conceivably arrange for transshipment, but it is not likely. Also there are some ships which by the nature of their voyages might find it very inconvenient not to bunker at Bombay and might not be able to arrange for special vessels for transshipment.

Mr. Purkayastha.—That is so.

President.—On the other hand, there are big companies like the P. & O. Company and so on, who might be able to make special arrangements for transshipment from vessel to vessel direct or do their bunkering at Aden.

Mr. Purkayastha.—During the years of high prices the steamship companies made all possible efforts to bunker their coal in ports other than Indian.

President.—You are proposing to introduce a new factor into the situation, and to make Bombay and Karachi more expensive bunkering ports. My own view is that the shipowners will do their best to find some means of avoiding this extra price.

Mr. Ojha.—How far will they be able to do that, that is the point.

Mr. Purkayastha.—The tendency to bunker boats in ports other than Indian owing to high prices of Indian coal has already been exhausted.

President.—It is not a question of Indian coal or foreign coal, because more foreign coal is used for bunkering in Bombay and Karachi than Indian coal, and if they can get Transvaal or Natal coal at practically the same price in Bombay, it does not matter at which port they bunker, but if you make the price of coal higher, if a shipowner can make arrangements, instead of bunkering at Bombay he will do so at Colombo.

Mr. Ojha.—Yes, to the extent they can possibly do it, but they would like to avoid that. In 1920-21—

President.—Things were abnormal then. Shipping was controlled, you could not get ships at that time and trade was not moving freely.

Mr. Purkayastha.—If we go by the freight figures we don't realize that there is any slump in shipping.

President.—One thing is quite certain. An enormous number of vessels have been laid up by the owners because they cannot use them profitably.

Mr. Ginwala.—Is not there a marked decline in freights? Freight has dropped by about Rs. 2 in Bombay, has it not?

Mr. Purkayastha.—That is seasonal entirely.

President.—Can you get hold of the bunkering trade? The point is that when the Board estimate the total increase in the market you can hope to get out of protection, they must make some allowance for bunkering at other ports and an increase in transshipments from vessel to vessel direct.

Mr. Purkayastha.—In previous years shipowners were used to high prices.

President.—That does not impress me a bit.

Mr. Ojha.—They have got to land coal if they want to bunker the steamers, and if they land the coal they have got to pay the duty.

President.—What I meant was that a number of shipowners could do their bunkering from ship to ship and could thus avoid the eight annas duty and landing charges. A larger number will do it if you put a duty of Rs. 5 or Rs. 10 on the top of that. Take the Welsh coal. A certain amount of Welsh coal must be imported for the use of ships in the navy. They take Welsh coal because of its properties, and they will make arrangements to get it in any case. I have always understood that you can raise steam most quickly with the Welsh coal.

Mr. Purkayastha.—Is it not after all a question of price?

President.—No, because it may be the only kind of coal with which you can get that result.

Mr. Purkayastha.—Do you mean to say that certain high carbon percentage must be guaranteed?

President.—I am suggesting to you this point that the Admiralty for its own special purpose may insist upon getting Welsh coal at any cost—the coal which suits its own very special requirements. A battleship is not like an ordinary merchant ship. It may require to raise steam at any moment and for this they must have the very best coal they can get.

Mr. Purkayastha.—Before the war we had been shipping some coal to Singapore and according to our information the Admiralty was buying our coal to a certain extent. There was very little coal used there for industrial purposes and it was all for bunkering or for the Admiralty.

President.—I wanted to draw your attention to this fact, and I think it is a point which the Board will have to consider carefully whether it would be safe to estimate that you can capture the whole of the bunkering trade if the price of Indian coal was raised.

Mr. Purkayastha.—We will make a note of this point and let you know further about it.*

President.—We shall be very glad to hear what you have to say about it. I am still on the question of the market. The next point is the possible transfer to electricity and fuel oil. You have told us that you are not very much afraid of a transfer to oil.

Mr. Purkayastha.—That is so, due to a rise in price consequent on the imposition of duty.

President.—What is your information as to the price of fuel oil in Bombay?

Mr. Purkayastha.—I am afraid we have not studied the position in Bombay. I think foreign fuel oil imported to Bombay and foreign fuel oil imported to Calcutta would probably be about the same price.

President.—What would be the price in Calcutta?

Mr. Purkayastha.—Rs. 70 per ton.

President.—The only information we have got so far is from the Bombay Chamber of Commerce. They say it is Rs. 50 per ton in Bombay.

Mr. Purkayastha.—The Customs valuation is Rs. 65 per ton.

President.—You cannot always rely on the Customs valuations and in some cases complaint is made that they are too high. All I can tell you is that the Bombay Chamber say that it is Rs. 50 a ton. They don't say whether that is c.i.f. Bombay, or landed at Bombay.

Mr. Purkayastha.—We don't think that a substitution to oil has got very much to do with economy as to reasons other than economy.

President.—It may be economy in a certain sense, but I understand it is not a question of price only. There is more in it than that. There are many conveniences in the use of oil.

* Statement III, para. 7.

Mr. Purkayastha.—The difficulty of getting supplies of coal was one factor. In the years 1919-20 and 1920-21 when the process of substitution of oil for coal actually began, the customers were not sure of a regular supply of coal owing to unsatisfactory position of wagon supply.

President.—If the price of oil were as high as Rs. 70, then I think coal would be very distinctly cheaper than oil, but even at Rs. 50 what the Bombay Chamber of Commerce say is this:

“My Committee are informed that oil at its present price, Rs. 50 per ton, is equivalent to coal at Rs. 22-8-0 and is therefore at present not a serious competitor.”

Mr. Purkayastha.—In that sense.

President.—Is that what you mean? At present coal is relatively cheaper than oil, apart from subsidiary advantages that oil may have for a particular purpose. In a small installation it may be much more convenient than coal for a machine which works intermittently. Putting all that aside, I want to know whether the Committee of the Federation formed any opinion on the question whether to-day on the question of prices for the equivalent quantity, oil is cheaper than coal.

Mr. Purkayastha.—We don't apprehend, owing to rise in prices which we have indicated as likely to follow the imposition of a duty, there would be any danger of a further substitution to oil from coal.

President.—Is it not rather important in that connection to ascertain how the two compare at present, because if coal is decidedly cheaper than oil at present prices, then of course there is no particular danger to apprehend. If they just balanced, there would be a danger, and if coal were more expensive at present prices, it is almost certain that it would lead to a transfer to oil. I am anxious therefore to give you an opportunity of giving us definite information.

Mr. Purkayastha.—We would have to go more thoroughly into it before answering that question. We may just indicate what our general position is, viz., that we recognise that owing to considerations other than strict economy the oil fuel has displaced a certain amount of coal. We don't therefore apprehend that as a result of further rise of prices, there will be a further displacement. The displacement may take place, but not due to the cause of higher price.

President.—The price will always come into it. It is the relative cost plus the other things that influence the purchaser's mind. If you raise the cost of coal compared with oil, then you will increase the temptation, whatever it may be, but I quite recognise the transfer to oil took place at a time when coal prices were distinctly higher than they are now. It may be there is not much danger to fear. I know what the Federation's views are, but what I want to know is whether you have any information.

Mr. Purkayastha.—I am afraid, not.

President.—I understand that you are not apprehensive that there will be a further transfer to oil.

Dr. Matthai.—If you take the actual amount of work done by oil and coal, as things stand at present, is coal cheaper than oil? Have you formed any impression?

Mr. Purkayastha.—I am afraid we have to go further into the question.

President.—What has led you to the conclusion that there will be no further displacement and that the displacement is already complete? We wrote to the Bombay Chamber of Commerce whether they could put us in touch with firms other than textile mills who could give us comparative costs of oil and coal. They replied:

“My Committee are not aware of any important industrial concerns in Bombay that are consumers of coal other than textile mills.”

Of course if that is so, there is no room for displacement, at least there cannot be very much. It will be only small concerns that are using coal. F

thought I might mention that to you. What about hydro-electricity? What is your view about that? If the price of coal were increased by the protective duties, what danger is there that the consumers might go over to the hydro-electric schemes. I am putting that specially because your answer in the questionnaire was not quite so clear about hydro-electricity as about oil. I may tell you we are doing our best independently to get information on the subject; at the same time I am bound to give you an opportunity of telling me anything you can about it.

Mr. Purkayastha.—Our general position is that we don't apprehend any danger of further displacement either from hydro-electric power or oil fuel due to the small increase in price which is likely to follow the imposition of duty.

President.—I gather that that is your feeling. I am anxious to know whether that is based on any enquiries made as to what consumers in Bombay thought about it with coal at its present price.

Mr. Purkayastha.—I am afraid not.

President.—We wrote to the Mill Owners Association and asked specially for information on that point. We also wrote to the Great Indian Peninsula Railway about oil. The Great Indian Peninsula Railway have started electrification, and have also got a considerable number of oil engines on the ghat sections. That appears in Mr. McLean's evidence before the Coal Committee. All I can say is this. We are doing our best to get information on the point. I am afraid you cannot tell me very much more than what your impression is.

Mr. Purkayastha.—I am afraid we cannot just at this stage.

President.—We will have to do our best to find out by other means.

Mr. Ojha.—We would also like to go into the question further and get the information.*

President.—If I may be pardoned for saying so, that was rather a point which required examination before the duties were proposed.

Mr. Ginwala.—The Indian Mining Association claim that if some protection is given they may be able to get an additional market of 300,000 tons. You don't expect that as a reasonable figure to work on?

Mr. Purkayastha.—Their objective is merely to displace the South African coal.

Mr. Ginwala.—Whereas your intention is to displace all foreign coal.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—British coal included.

Mr. Purkayastha.—We have made it very clear in our representation. The Mining Association have made their objective clear. They want only to displace the South African coal.

President.—You made it very clear in the scale of duties proposed.

Mr. Ginwala.—You would not be satisfied with the displacement of South African coal only.

Mr. Purkayastha.—No.

Mr. Ginwala.—This morning I was examining you about the protection of the consumers in Bombay. You might remember you were referring to the Coal Grading Bill. I take it that you have studied the Coal Grading Bill that has been passed by the Assembly.

Mr. Purkayastha.—I should think so.

Mr. Ginwala.—Have you compared it with the South African Act and seen the chief difference between the two?

Mr. Purkayastha.—I have studied a little. I don't remember what the essential difference is.

* Not received, Statement III, para. 8.

Mr. Ginwala.—In the South African Act no coal can be exported unless it is graded and certified. There is no corresponding provision in the Indian Coal Grading Bill.

Mr. Purkayastha.—I know.

Mr. Ginwala.—Therefore, so far as the South African coal is concerned, the Indian consumer practically gets a guarantee as to the kind of coal, whereas here it is optional. Of course, it may be enforced by the Government refusing to give them a rebate, but where the protection is by means of a protective duty, unless this grading is compulsory, how can the consumer be protected. That is what I want to know. There is no sanction, if I may put it that way, to enforce it.

Mr. Purkayastha.—There is one great difference between the Indian coal and South African coal and it is this, namely, you have not got in the South African coal, either the Natal or Transvaal coal, the same wide variation in quality as you have got in the case of Indian coal.

Mr. Ginwala.—That is all the more reason why the consumers in Bombay ought to be protected against these variations in quality.

Mr. Purkayastha.—I am coming to that. If a consumer wants to buy second class coal, what is the objection to his buying the second class coal.

Mr. Ginwala.—The Bombay consumer has got a prejudice against the Bengal coal. He says: "All right. If you are going to put this duty of Rs. 5 a ton, and are going to make me pay a higher price for the Indian coal, give me some guarantee of quality. You don't protect me merely by saying I have got to look into the quality of the coal, I can depend on the South African coal without looking into the quality and accept his coal as good without hesitation, whereas in this case there is no such guarantee."

Rai Bahadur.—There is the guarantee. All that he has got to do is simply to see whether the coal is certified or not.

Mr. Ginwala.—In the case of South African coal, no coal can be exported without being graded and certified.

President.—You have two replies to Mr. Ginwala's question. One is that the coal which is graded will have an advantage of 12 annas a ton over ungraded coal which will so to speak drive the ungraded coal out of the market, and in the second place, provided the coal is graded, you see no reason why the consumer in Bombay should not purchase any kind of coal. My reply to that would be this. If it is so certain that the graded coal would drive the ungraded coal out of the market what is your objection to a prohibition of export by sea of the ungraded coal?

Mr. Purkayastha.—What is the point?

President.—You are asking the consumer to pay a higher price for your coal. Mr. Ginwala's suggestion is that he should be reasonably certain of the kind of coal he will get.

Mr. Purkayastha.—He can protect himself.

President.—What is your objection if it makes no difference?

Mr. Purkayastha.—Only placing a very drastic provision on the Statute book.

President.—If the thing is not going to happen, what is your objection to prohibiting it? Would any one be hurt?

Mr. Purkayastha.—Bombay not only consumes Natal coal, but also Witbank coal. What is the quality of the Witbank coal? It is decidedly inferior to the Bengal coal.

President.—You are mixing up two questions. We are not on the question of the prohibition of any coal but first class coal. We are on the question of the prohibition of uncertified coal.

Mr. Ojha.—In the case of graded coal, a rebate of 12 annas is recommended by the Indian Coal Committee. This additional 12 annas will only be given to those who export graded coal. If buyers take care in selecting their own

qualities, whether graded or ungraded; they can get the quality they want. I may refer you to what happened in the past as regards rail borne coal. First of all, they got inferior coal during the war, because very little quantity of good quality coal was available and then owing to the position of the railways they did not purchase any particular quality, but they used to buy railway receipts, standing coal in loaded wagons, the quality of which they did not know themselves.

Mr. Ginwala.—If you are asking the country and particularly the Bombay consumer to pay more for his coal, is he not entitled to say: "All right. If I have got to do that, give me the same assurance as the South African coal gives, that I shall always get the quality of coal I want."

Rai Bahadur.—That he is having. He gets it through the Grading Board.

Mr. Purkayastha.—Sending coal to Bombay is not thrusting it on him.

Mr. Ginwala.—Formerly the conditions were not the same.

Mr. Purkayastha.—There was a certain class of coal which went under a cover of certificate. Every shipment has got to be certified and the particular shipment has got to be covered by a document.

Mr. Ginwala.—It is optional with the man.

Mr. Purkayastha.—I say it is optional.

Mr. Ginwala.—But there it is compulsory.

Mr. Purkayastha.—What is the difference?

President.—The difference between compulsion and no compulsion.

Mr. Ginwala.—The difference in the mind of the purchaser is that there is a sort of assurance from the African seller that he is going to get the quality he wants and don't you think that it is your duty to give the Bombay consumer the same assurance?

Mr. Purkayastha.—That we are also giving by the certified coal.

Rai Bahadur.—If there are any buyers who want ungraded coal, why should he not buy it.

Mr. Ginwala.—You are not prepared to meet the consumer in Bombay in the same way as the South African vendor.

Mr. Purkayastha.—How do I endanger his position?

Mr. Ginwala.—I am just putting that to you. The South African coal miner says: "I want to export coal." Government says: "We shall give you facilities, but you don't export any coal unless you get a grading certificate." You are not prepared to do that. You are not prepared to submit to the same restrictions as your competitor.

Mr. Purkayastha.—It is uncalled for. If the consumer thinks it makes any difference, we would be very glad to submit to that.

Mr. Ginwala.—As a business man, if you want to sell to an unreasonable purchaser, should you not say to yourself "I am going to agree to that, because I want to sell my goods." You don't consider that there is any such duty on your part.

Mr. Purkayastha.—Do you think seriously any ungraded coal will be shipped?

President.—Until you have got rid of that prejudice, the less ungraded coal goes to Bombay, the better for your interests.

Mr. Purkayastha.—If that is what experience shows, the coal trade will have no objection.

Mr. Ginwala.—You will always find among our purchasers some idiot who knows nothing about graded coal. He doesn't know anything about grading. He only knows Bengal coal and African coal.

Mr. Ojha.—You are right. Let me assume all coals are graded and compulsory grading is there and that ungraded coal is not allowed to be shipped from here. In that case there is not one particular quality. There are different qualities and all the qualities will be graded. How is the Bombay

consumer going to take the particular quality he wants unless he chooses it himself and wants that particular quality to be supplied?

Mr. Ginwala.—I have explained to you my point as well as I could. If I were a person interested in the coal trade, I would be prepared to submit to this restriction and I would not export anything to Bombay unless it was first class coal, until the prejudice was got over.

Mr. Purkayastha.—There we disagree.

Mr. Ginwala.—You do disagree. I am putting it to you from the practical point of view. You have got to compete against a particular article and you have got to produce an equally good article or a better article, but you are not prepared to say that you shall not supply any other article except the one which can reasonably compete against the other article.

Mr. Purkayastha.—So far as your proposition goes, I agree Bombay is merely buying first class coal. There is the Witbank coal coming which is decidedly inferior.

Mr. Ginwala.—Supposing you get the whole of this additional market by shutting out all foreign coal, are you satisfied in your own mind that what happened in the past will not happen again, namely, that owing to transport breaking down or various other things, the consumer in Bombay would not be put to inconvenience?

Mr. Purkayastha.—We don't think so.

Mr. Ginwala.—Are you satisfied that the conditions of transport are so improved both by sea and rail that the consumer in Bombay can rely upon the supply of coal from Bengal as well as he can from South Africa?

Mr. Ojha.—We think with the improvements effected, there would be no difficulty.

Mr. Purkayastha.—There might be a seasonal difficulty. For all practical purposes the improvements are sufficiently satisfactory.

President.—For all practical purposes from the producers point of view, but not necessarily from the consumers point of view.

Mr. Ginwala.—If there were no alternative source of supply, don't you think the Bombay consumer might sometimes be put to inconvenience?

Mr. Purkayastha.—We don't apprehend that.

Mr. Ginwala.—I know you don't apprehend it. Will you expect him to take the risk at the present moment of cutting off the alternative source of supply altogether?

Rai Bahadur.—There was a time when he had no source of alternative supply, he had to depend entirely on the Indian coal.

Mr. Ginwala.—He suffered for it, didn't he?

Mr. Mukerji.—Not that we know of.

Mr. Purkayastha.—In any case, the transport position is vastly improved to-day.

Dr. Matthai.—On the grading question, your position comes to this that from the point of view of the consumer it makes no difference whether you have a compulsory system or voluntary system. The thing that really determines whether you ought to have one system or the other is certain circumstances in the country concerned which have little to do with the interests of the consumers. Your point is that as far as the interests of the consumer are concerned, it makes no difference.

Mr. Purkayastha.—Yes.

Dr. Matthai.—Why there is one system in South Africa and another in India has got to be explained with reference to other circumstances. Is that your position?

Mr. Purkayastha.—Yes.

President.—I come now to the theoretical justification of the proposal. As regards the first condition laid down by the Fiscal Commission, it is obvious

the coal industry would not be able to supply over 95 per cent. of the country's demand if it had not got natural advantages, and therefore we need not spend any time at all on that point. Coming to the second condition that without protection the industry will not develop so rapidly as is desirable in the interests of the country, I think you hold that this condition is not strictly applicable to the coal industry and you have given your reasons for it. Supposing it were applicable, supposing somebody else took a different view—it may be the Government of India or the Legislature—that the condition did apply would not the answer we should have to give be this: Protection will not lead to any development of the industry in the sense that more mines will be opened up; it will only mean that a certain number of mines will increase their production and a few mines will re-open which were shut down. The development desired has already taken place and has resulted in an excess of productive capacity over demand. All that protection can do for the industry is to reduce the discrepancy between productive capacity and demand. That would be so, would it not? It is not development in the sense that you go forwards, but only that you are prevented from going backwards. If you do not get protection, more mines will shut down. That will be a backward step. If you do get protection that prevents your taking a backward step.

Mr. Purkayastha.—Yes.

President.—Your contention is that the condition is not applicable to an industry suffering from a temporary deterioration or atrophy. I find a good deal of difficulty in accepting your view that this was the opinion of the Fiscal Commission. The Fiscal Commission say definitely:

“We consider that an industry might receive protection at any stage provided our condition (2) is fulfilled, namely, that an industry without the help of protection either is not likely to develop at all or is not likely to develop at all so rapidly as is desirable in the interests of the country.”

Then they go on to give examples. If they had meant that if protection need not be applied in the case of an industry suffering from a temporary deterioration or atrophy, they would have made that plain.

Mr. Purkayastha.—If you proceed further, you will find the following:—

“Condition (2) is naturally most likely to be fulfilled in the case of industries which are relatively weak and undeveloped and are therefore temporarily unable to meet the competition of more highly developed foreign industries or industries which are handicapped by the temporary necessity of importing expensive foreign labour or direction, or which suffer from labour which is inefficient, because untrained. These disadvantages are most likely to be found in industries which are comparatively young, but an industry may also stand in need of protection as a result of some temporary deterioration or atrophy.....”

President.—They also say:

“And even a strong and prosperous industry may derive great benefit by the rapid development of some new branch induced by protection.”

Mr. Purkayastha.—Is not the suggestion there that these prosperous industries would not fulfil that test?

President.—My suggestion to you is what the Fiscal Commission meant was this. Condition (2) is most likely to be fulfilled by industries which are relatively weak and undeveloped and therefore protection for the older industries can very seldom be justified because condition (2) is very seldom fulfilled. That seems to be the natural meaning.

Mr. Purkayastha.—With regard to that expression of opinion that the condition would not be fulfilled so easily by the older industries, is it no direct evidence.....

President.—Not a bit. The Commission said “We consider that an industry might receive protection at any stage provided our condition (2) is fulfilled,” and what follows is only explanatory of that general statement.

Mr. Purkayastha.—It is a matter of interpretation.

President.—Undoubtedly, but I am bound to put to you what my interpretation is.

Mr. Purkayastha.—As I have told you, the Commission proceed to lay down a categorical statement provided condition (2) is fulfilled. They recognise that this would be easily fulfilled by industries at the initial stage and then they also add, naturally by way of elaboration, that protection might also be necessary in the case of industries which are sufficiently old or advanced or sufficiently established but would not probably fulfil their condition (2).

President.—I don’t think they say that. They say that an industry may also stand in need of protection as a result of some temporary deterioration or atrophy. If it is an industry which suffers from deterioration and atrophy, it might have lost so much of its market that protection might mean considerable development. It is quite a possible case—not very common, perhaps, but quite a possible case. For instance, the paper industry is a comparatively old industry. It was not very far off from atrophy. In that case the atrophy amounted to this that if protection had not been given most of the mills would have closed.

Mr. Purkayastha.—It is a matter of interpretation. About fulfilling this condition, we maintain that the competition of foreign coal in India can only be met by the imposition of a protective duty.

President.—The whole point of the Fiscal Commission was to lay down the conditions subject to which they were prepared to meet the intrusion of the foreigner by means of a protective duty, and they suggested that these conditions should be satisfied.

Mr. Purkayastha.—To the extent that the industry would not grow so rapidly as is desirable in the interests of the country without protection.....

President.—I will come to “the interests of the country” in a moment. There is another point. I don’t think that you can clearly say that the coal industry is suffering from atrophy. Atrophy suggests starvation, worn down to a skeleton. You were not suffering from atrophy in 1924.

Mr. Purkayastha.—We did it at a tremendous sacrifice.

President.—I don’t see any signs of atrophy, but I see signs of deterioration in the price, which is a different matter. I find it very difficult in what sense it can be said that the second condition laid down by the Fiscal Commission is satisfied, or to adopt your interpretation that the Commission did not intend that condition to be applied.

Mr. Purkayastha.—When you recognise that the raising cost per ton is Rs. 5 and the selling price only Rs. 4, don’t you think that it is a sufficient indication of the deterioration of the industry at present.

President.—The deterioration may be due to other causes. After all, what has caused the deterioration in the price? It is simply the excess of productive capacity. In a boom period everybody thinks that he is going to make money out of coal mines. The boom period passes and there are too many coal mines.

Mr. Purkayastha.—There are too few.

President.—Is it your principle that when people have done that, it is always the duty of Government to come to their rescue up to the limit of their capacity and to provide a market for all the mines that were started under those conditions?

Mr. Purkayastha.—That is a proposition which we do not accept. The trade is hardly to blame for more collieries being opened.

President.—Those who started the new collieries are responsible and they are members of the trade now.

Mr. Purkayastha.—That criticism of the allocation of the responsibility for the deterioration to the trade leads me to a long discussion as to what share of the present responsibility in the deterioration of trade should be borne by the coal trade and what share should be borne by railways and Government.

President.—I don't see what your principle is. I don't really see why Government should come to the rescue. That is taking us a little away from the discussion.

Mr. Purkayastha.—May I be permitted to answer the question why we claim protection from Government.

President.—We have that in your representation and in your answers to the questionnaire.

Mr. Purkayastha.—With regard to this specific point: in 1919-20 we had better days.

President.—I am not going into the question of the embargo. You cannot amplify the case at this stage. We have got to get through the examination. Once the case has been put in, we cannot allow that to be expanded at every convenient moment. I want to pass on to the third condition. You have answered that in paragraph 11 of your original representation. I find it very difficult to know what you mean there. You say "the condition need not be taken very seriously as the Commission distinctly holds in paragraph 98 that another class of industry which should be regarded with a favourable eye is that in which there is a possibility that in course of time the whole of the country can be supplied by the home production. In the case of such an industry the burden on the consumers determines automatically. As soon as the foreign import ceases to come in, the price ceases to be regulated by the foreign price *plus* the import duty. It is regulated by the internal competition." That has got no application to the case of the coal industry. The moment you put on the duty, the imported coal ceases to come in but the burden on the consumer continues.

Mr. Purkayastha.—No unfair burden!

President.—What the Commission were thinking of was something different. When the country's natural advantages are great, then eventually there might come a time when no imported goods stands a chance of competition against the domestic product and therefore the burden will automatically determine. It cannot automatically determine in the case of the coal industry, unless you can eventually produce coal more cheaply than other countries. What you have got to show is that eventually without protection you can sell in Bombay coal at a price at which the imported coal cannot compete.

Mr. Purkayastha.—What we contend is that the application of the second and third conditions is governed by the subsidiary tests which the Fiscal Commission have laid down.

President.—You say that the condition need not be taken seriously, and then you give an explanation which really misrepresents the case completely. You say that we need not worry about it because automatically the burden will cease. It is not so. It is not correct.

Mr. Purkayastha.—What we meant to say was that price would not be at an artificially high level.

President.—Who is to decide that? That is not what the Fiscal Commission said. Can you eventually dispense with protection altogether in Bombay and Karachi? What is your answer to that? You could very nearly do at present were it not for the prejudice against the Bengal coal? But what you say is that the prices are quite unprofitable and that to make the industry prosperous the prices must be higher. If the prices are to be higher, you cannot go on holding the markets there without protection.

Mr. Purkayastha.—We can never do without protection owing to unfavourable location.

President.—Then this duty will have to stay on indefinitely.

Mr. Purkayastha.—Our suggestion is that at least for five years to come it must be there.

President.—With the idea that by that time the industry should be able to take care of itself. How can you dispense with protection? In what sense would you be able to dispense with protection?

Mr. Purkayastha.—At the present moment the industry is passing through a period of depression. If in the meantime circumstances alter and the trade can recover from the present depression, the trade will be prepared to do without protection.

President.—What changes in the conditions are you looking forward to?

Mr. Purkayastha.—A reduction of freight, opening up of the export market, etc.

President.—Please remember these changes may take place without the aid of protection. What the Commission was looking to was that you ought to be able to dispense with all assistance. How are you going to get a reduction in freight? Are you referring to sea freight?

Mr. Purkayastha.—No, rail freight.

President.—You may be right about that, but I cannot tell.

Mr. Purkayastha.—I am not speaking of Bombay. I am referring to the general toning up of the industry. If the trade recovers from the general depression, it may be possible that five years hence the trade will be prepared to meet foreign competition without protection.

President.—I can understand you if you mean this that at the end of five years it is quite possible that the trade may be so reasonably prosperous that it no longer requires the Bombay and Karachi markets. It can do without them.

Rai Bahadur.—We don't mean that.

President.—You don't think that you can sell coal in Bombay and Karachi keeping the foreign coal out altogether without protection?

Rai Bahadur.—We can lower the price.

President.—Then you would dump in Bombay and Karachi.

Mr. Purkayastha.—Yes. What is the position in South Africa? They have got a large bunkering trade and so they are able to sacrifice their export coal at a nominal price. No doubt the trade will make its best attempt to sell coal in Bombay without protection, if circumstances improve meanwhile.

President.—What is going to bring about a rise in the price of Indian coal in the next five years? What is your forecast about that?

Mr. Purkayastha.—There may be increased consumption in the country.

President.—How is that going to happen?

Mr. Purkayastha.—In case of a very appreciable reduction in the railway freight, a lot of small industries might crop up and people who consume less coal now might take more.

President.—I certainly hope that you will get some reduction but whether it is possible to make such a reduction as to lead to the establishment of a number of small industries I think is very doubtful.

Mr. Purkayastha.—Did not the Board express themselves definitely in that connection?

President.—What the Board said was that it was of the utmost importance that coal freights should be kept down as low as possible by taking a smaller net return from the railways. That was what the Board undoubtedly said. Whether that was likely to result in a very rapid growth of industries is another matter. The point is that the distances in India are so great that unless you can keep down the price of coal, you can't hope to increase the consumption in the country. It does not necessarily mean that you are going to have a great many industries. I should be very happy indeed if India was going to be so industrially prosperous in the next five years that it would be able to absorb all your surplus coal.

Mr. Purkayastha.—Railway consumption may improve in the course of the next five years.

Mr. Ginwala.—Railways have their own collieries.

Mr. Purkayastha.—But an assurance is held out that the consumption will be much more.

President.—But you have got to remember that the position of the coal trade is very different from a comparatively small increase in the price. The Indian coal industry can only be prosperous as a whole for a very short period of time. If it is really prosperous and if every mine is in a position to pay dividends, the immediate result will be the opening out of a number of new mines.

Mr. Purkayastha.—The suffering in the past has been too much to attract new capital.

President.—It is extraordinary how short is the memory of burnt fingers. I have seen two gold booms in Chota Nagpur in my time.

Mr. Purkayastha.—There is the possibility of an export market.

President.—I think it is well not to take too sanguine a view.

Mr. Purkayastha.—The whole position may be reviewed after five years.

President.—I understand now that your answer about the third condition is this, that the condition is satisfied in the sense that eventually the coal industry may be able to realise such a satisfactory price in the greater part of India that it can afford to dump coal in Bombay and Karachi and in that sense it can dispense with protection in Bombay and Karachi, but then I am afraid—I should like to draw your attention to this—that when the time came when somebody proposed to take off the duty, he would at once be faced with the cry of 50 mines “we cannot afford to go on any longer.” You will always have the mine which is just able to keep going and no more, is not that so unless indeed somebody arranges a big coal combine when things may be different.

Mr. Purkayastha.—One of the things which was handicapping the coal industry was inadequate transport facilities and this difficulty has been removed.

President.—I am not sure about the consumer. It does not help him about the price. As long as you were held up there was a premium on coal. I admit that the transport facilities should be as good as possible but just at the moment it is not going to help you very much.

Mr. Purkayastha.—No, because the demand for coal has shrunk.

President.—You suggest that the coal industry could be brought within the four corners of the report of the Fiscal Commission irrespective of the fact whether the industry satisfies the ordinary conditions laid down by the Commission or not. My point would be this—will the coal industry be more useful for national defence because it produces 300,000 or 500,000 tons more?

Mr. Purkayastha.—That is not the point.

President.—The whole point is this. As regards protection for steel, the line we took was this that it is very important that steel should be made in India. Now it is not a question whether coal should be produced in India. It is only a question of 300,000 or 500,000 tons more.

Mr. Purkayastha.—If this state of things continues many coal mines would be shut down.

President.—I don't know how many will be shut down in addition to those already shut down?

Mr. Purkayastha.—There were not many which were shut down.

Rai Bahadur.—Many will shut down.

President.—For national defence, will it make any difference whether you get 300,000 or 500,000 tons more?

Mr. Purkayastha.—As I say it is not a question of 300,000 or 500,000 tons.

President.—I think it is precisely that.

Mr. Purkayastha.—That is only a step to further prosperity.

President.—You justify it in the interests of national defence. But whether you get this extra 300,000 or 500,000 or not, it does not appear to me to be very strong. I am afraid I am not entitled to take that extra step. I have got to consider the definite proposal which is before me, and it seems to me from that point of view there is really not much in the argument. I don't think that national interests or national defence will suffer very much if protection is withheld.

Mr. Purkayastha.—During the last great war all the first class coal was commandeered, and it was the second class coal which kept up the consumption of the country. If all the second class collieries were shut down and if we had a war again.....

President.—Is there enough first class coal in the country to supply all its needs?

Mr. Purkayastha.—I do not know.

President.—You were suggesting that all the second class collieries might shut down. Is it possible that they would all shut down? It could only happen if it were possible to produce 21 million tons of first class coal.

Mr. Purkayastha.—How can they—I mean the second class people—go on any longer if the prices are not paying enough.

President.—That will settle itself automatically. Undoubtedly, people won't go on producing at a loss beyond a certain time. A certain number of mines will shut down and if they do so, there will be an increase in price and then some of them might think of reopening again. It is all a question of demand.

Mr. Purkayastha.—Once the mines are dislocated, it would be very difficult to reopen them again.

President.—It is only a question of 300,000 tons difference.

Mr. Purkayastha.—That is the direct effect. The indirect effect will be a toning up of the whole market.

President.—Protection will do very little for you in that way. It is only the question of protective duty that we are considering. To go on to the next item you refer with approval to the observation made by the Commission about the treatment of basic industries, *viz.*, that the decision should rest rather on considerations of national economics than on the economics of the particular industry. As far as I can judge that observation is dead against you. Who is going to gain by the duty?

Mr. Purkayastha.—Directly, the coal industry.

President.—Let us get a little closer than that. A certain number of mines will not close down, and a few more labourers will be employed. With the present shortage of labour I don't think that it will be an unmixed calamity. Then again the big companies would get a little more profit. But who outside the coal industry is going to gain?

Mr. Purkayastha.—The coal industry is a national asset.

President.—You quote with approval the statement that the question whether protection should be given to basic industries depends on considerations of national economics rather than on to the economics of the particular industry. Even if the coal industry gains, what does the nation gain?

Mr. Purkayastha.—It is not merely the direct gain that matters. The presence of the coal industry supplying the basis of industrial power is a great asset in the economics of any country.

President.—If there were any question of the disappearance or a marked decline of the industry, that would be a good argument.

Mr. Purkayastha.—If only first class collieries are working, what do you think the output would be?

President.—The only result of protection would be an increase in production of 300,000 to 500,000 tons more.

Mr. Purkayastha.—If all the small mines close down, the output of Indian coal will dwindle down to a very low figure. The country will have to meet its requirements of fuel by importing foreign coal.

President.—Long before that can possibly happen you would have mines springing up all over the place. Importation of foreign coal from that point of view is surely a very remote contingency.

Rai Bahadur.—If the coal could not be sold at a remunerative price all these mines will have to be closed and consequently the output will decrease.

President.—The difference that protection will make is not so very great.

Mr. Purkayastha.—Whatever the extent, it helps.

President.—The point I am at is, what is the national gain?

Mr. Purkayastha.—The industries of the country can look up to the Indian coal industry as a source of power.

President.—They will continue to do so in any case.

Mr. Purkayastha.—How can they? If the output falls they will have to depend on the precarious source of supply from foreign countries.

President.—The price question will settle itself before any foreign coal is imported.

Mr. Ojha.—I may point out that this embargo on export of coal was imposed in the interest of the Indian industries. At that time the coal industry was able to get a very high price in foreign markets but they were not allowed to do so because the industries could not get more coal. If there is no such thing as coal industry in India the position would have to be altogether different from what it is to-day.

Rai Bahadur.—If this industry is not kept alive, it may be that people may not get domestic fuel.

President.—I can't bring myself to that length that if no protection is given to 300,000 tons of coal, that is going to make any difference.

Rai Bahadur.—If the present condition of the coal trade continues for long, many of the mines will have to be closed down and the output will be awfully decreased.

President.—But a stage will come when the price will go up.

Mr. Purkayastha.—Consumers will buy coal at a price lower than the price at which Indian collieries may find it worth while re-opening and consumers would be accustomed to get their supplies from foreign sources.

President.—You quote paragraph 114 of the Fiscal Commission's Report and you attribute the fact that they were against the imposition of a duty on coal to a belief that the removal of the transport difficulties was all that was necessary. There again I cannot accept your interpretation, because there is a statement there that "cheap coal is essential to industries and we are not prepared to recommend any measures which will make coal dearer." The natural interpretation is that what they regarded as most important they put first.

Mr. Purkayastha.—By cheap coal could they have possibly suggested a price at which collieries might find it unremunerative to work the mines?

President.—They don't say so. Naturally everybody wants to see the industry getting a reasonable price. That will automatically come about in any case.

Mr. Purkayastha.—Recognizing as they did the importance of the coal industry, naturally they would be prepared to suggest a coal price which might be necessary to keep the industry going.

President.—The point is this. The Fiscal Commission said cheap coal was essential to industries and they were not prepared to recommend any measures which would make coal dearer. It is a clear statement and I don't think it

is right to ignore it and write your representation as if that statement were not there. Of course the opinion of the Fiscal Commission is in no way binding on us. If it had been, the Government of India would not have asked us to report.

Mr. Purkayastha.—They also say “capital will not be forthcoming until the coal industry is placed on a more profitable basis,” and that is precisely our demand. That sentence precedes the sentence you quoted.

President.—My reply to that is that protective duty will not put you on a more profitable basis.

Mr. Purkayastha.—It will, to a certain extent.

President.—The remarks of the Fiscal Commission are merely an opinion about a particular case. There is one more point with regard to your answer to question 23. You draw a distinction between an industry which requires protection on general grounds and the coal industry. I cannot see what the distinction is between an industry that requires Rs. 25 in Calcutta and Rs. 50 in Bombay and you who require nothing in Calcutta but Rs. 5 in Bombay. There is no difference in principle between the two.

Mr. Purkayastha.—This is a case for protection as a result of which there is no general rise of the price level, there is only a rise in price in particular centres.

President.—The point is precisely the same in these particular centres. The theory underlying your proposal is this, that it is the duty of Government to give you every bit of the Indian market. What you are asking is really the prohibition of imports. That could only be justified, if the industry could reasonably claim sufficient protection to give it the whole of the Indian market. The Fiscal Commission was definitely against that.

Mr. Purkayastha.—The view that we take is that that particular sentence quoted from the Fiscal Commission's Report does not apply to us at all.

President.—The point is this. In a certain sense Bombay and Karachi are not your natural markets.

Mr. Purkayastha.—They are our natural markets. Bombay was having its requirements entirely met by Bengal coal.

President.—You are too far away from it.

Mr. Purkayastha.—It is only due to a combination of circumstances that we have lost it. It is only a matter of accident that South Africa should come in, otherwise Bombay would have to rely entirely on Bengal.

President.—I admit that before the war you had a very large part of the Bombay market, but even then you never had it completely.

Mr. Purkayastha.—But the South African coal only got into Bombay by the operation of a bounty.

President.—We are not on that question for the moment, we are merely on the question of location. I find it difficult to draw the distinction you ask me to draw between the case of an industry which requires a certain amount of protection in most parts of the country and an extra bit in Bombay and your own case. You don't require any protection over the greater part of the country, but you do require a certain amount in Bombay.

Mr. Purkayastha.—That is a statement you make with reference to the sentence you quoted from the Fiscal Commission, but that sentence does not apply to the coal industry.

Mr. Ginwala.—The President has just now pointed out what the Fiscal Commission say about the duty on coal. They recommend that the duty of eight annas be abolished, whereas you want an additional duty of Rs. 5 per ton?

Mr. Purkayastha.—Yes, we do.

Mr. Ginwala.—On theoretical grounds, can you really justify it?

Mr. Purkayastha.—We can.

Mr. Ginwala.—Assuming that you get Rs. 5 per ton; that would raise the price of coal to industries. That would mean a greater disadvantage from the national point of view in proportion to the benefit to the coal industry. We have got to consider not the interest of a particular industry, we have got to take the national interest into account, you just forget for a moment that you are interested in coal. From the national point of view what would be more prejudicial—to raise the price of coal to industries, or to allow the coal industry to suffer?

Mr. Purkayastha.—It is an objection not against a particular proposition for protection but against protection generally because protection means higher price for the consumer.

President.—It is not a question of the final consumer, it is a question of industries as a whole. It is a most important factor in the industrial development of the country.

Mr. Ginwala.—Look at it from the national point of view. If the price of coal goes up and fuel therefore becomes dearer, will the national interest be less prejudiced than if the coal industry suffered a bit and the price of coal did not rise?

Mr. Purkayastha.—Speaking from the industries' point of view, there may be a little loss but we wonder if there would be an ultimate loss, because, what would happen if the coal industry is not granted protection? The coal industry, at least a large part of it will not survive this depression.

Mr. Ginwala.—We need not go into this question over and over again. Is protection going to affect the whole of the coal industry?

Rai Bahadur.—The interests of all the industries should be looked into and that means that the interests of the coal industry should also be looked into and it should be given protection.

Mr. Ginwala.—Would it not be prejudicial from the national point of view to raise the cost of fuel to the industries as a whole?

Mr. Purkayastha.—Immediately it may be, ultimately it won't, because otherwise the industries might have to depend on foreign coal, and the price of foreign coal might go up any day.

Mr. Ginwala.—That is to say, temporarily it may be a disadvantage but in the long run you consider that the industries will not suffer?

Mr. Purkayastha.—It will not be an unqualified loss to him.

Mr. Ginwala.—I am simply pointing out to you that the Fiscal Commission has recommended the abolition of even the present eight annas. You are asking now for a higher duty and therefore you will have made out a very strong case if the recommendation of the Fiscal Commission is regarded as sound.

Mr. Purkayastha.—We would ask you to realize our position. The Fiscal Commission made this recommendation on the supposition that what was troubling us was the defective transport.

Mr. Ginwala.—I am not going to interpret what the Fiscal Commission intended. We are only concerned with the general statement that they have made there that the duty of eight annas per ton should be abolished.

Mr. Purkayastha.—Prices to-day are lower than they were in 1921.

Mr. Ginwala.—We are, of course, not bound by the recommendations of the Fiscal Commission on that particular point, but we have got to attach much weight to the opinion expressed by a responsible body of men. On the face of that you ask for a duty of Rs. 5 per ton. What I am asking you is whether from that point of view you can justify it?

Mr. Ojha.—They have given some reason for that also.

Mr. Purkayastha.—Prices to-day are much lower, circumstances have changed and even with the duty put on, the price would be decidedly below the level of 1921.

President.—In Bombay industries are not particularly flourishing just now and any addition to their cost.....

Mr. Purkayastha.—We have got to live too.

President.—We don't know yet what the Millowners' Association have got to say about it.

Mr. Ojha.—As we have already put it, when they wanted to have a coal industry controlled in their own interest, it was done. Coal was controlled and exports prohibited.

President.—I am not looking at it from that point of view; that is between the coal industry and the cotton industry. That is not my point at all. I want to see what the position is likely to be if you balance one against the other.

Mr. Purkayastha.—But in fairness to us don't you think that you should go into this historical aspect of the question?

Mr. Ginwala.—Do you really expect that if you get this protection it would prevent smaller mines from closing down? As I pointed out to you this morning, under present conditions if protection was given, it would be the bigger mines that would benefit immediately.

Mr. Purkayastha.—Immediately, yes.

Mr. Ginwala.—How do you suggest that if this protection was given these small mines would be saved?

Mr. Purkayastha.—They will be struggle on for some time more as they have been doing for the last two years, but the prices would not go high immediately, though we expect eventually they would.

Mr. Ginwala.—If the small mines have got to close down because of the fall in price, it will have to be so protection or no protection.

Mr. Purkayastha.—It depends on the resisting capacity prior to the dawning of better days.

Mr. Ginwala.—Even if protection is given, it will not affect the second class mines for some time, will it?

Mr. Purkayastha.—Not immediately.

Mr. Ginwala.—Then how are they going to benefit?

Mr. Purkayastha.—Eventually it will benefit those who will not close down in the meanwhile.

Mr. Ojha.—In view of the fact that ultimately they will benefit, they will struggle on.

Mr. Purkayastha.—Rs. 4 was not a remunerative price still they have been struggling on for the last two years. The question of countervailing duties is older than two years.

Dr. Matthai.—Leaving aside the conditions of the Fiscal Commission I want to get back to the general idea of protection. Most people who have thought about protection are agreed that you should protect an industry only against countries which have had the advantages of an earlier start—superior organization and so on—and not against a country which is strong in point of natural advantages. I want you to look at your case from that point of view. Taking South Africa I want to put it to you that the advantages South Africa has are mostly natural advantages?

Mr. Purkayastha.—Yes.

Dr. Matthai.—They have got cheap labour, they are new mines, they have got cheap sea freight—and that is largely because of South Africa's geographical position. In these circumstances, I want to put it to you whether you are not asking for protection in a case to which protection does not really apply?

Mr. Purkayastha.—As we have just explained to the President, we are to-day in exceptional circumstances. Several causes have contributed to depress the industry very much and it is because of these exceptional circumstances that we have asked for protection. At the same time we have granted

that in the course of 5 years trade may recover from the depression and the Board may then consider whether the continuance of protection is justified.

Dr. Matthai.—If this is the view you take, I suggest that in the meantime the remedy you ought to ask for is not protection, because protection cannot help you in the matter of natural advantages.

Mr. Mukherji.—In normal conditions we have those advantages.

Dr. Matthai.—South African labour is cheaper, sea freight is always going to be cheaper owing to its geographical position, then there is less raising cost and so on. These are advantages which are going to be permanent advantages for South Africa.

Mr. Ojha.—Even then they cannot compete with us without bounty.

Dr. Matthai.—That is a question I propose to raise later.

Mr. Purkayastha.—As I said, had we been in normal circumstances, but for some adverse factors which operated between 1921 and 1923, we would have been in a position to face competition. But for these circumstances it would not have been necessary to ask for protection. If we were assured of a market to the extent of 95 per cent. of our output we would have been in a position to guard ourselves against an intrusion into the market for the remaining 5 per cent.

Dr. Matthai.—I am not altogether convinced of your position in that matter. Supposing a very important basic industry like the coal industry is going to languish so seriously that the future of the coal industry is threatened, if the position was so serious, I would be prepared to say that you ought to have protection. But if we refuse to give you protection now, what would happen is that certain units of your industry will disappear but the industry itself will continue.

Mr. Purkayastha.—Yes, but you must realize the extent of the national loss. Supposing all the second class mines ceased to work and only the first class mines were to work, then what would be the total output?

Dr. Matthai.—Supposing we refuse to give you protection, would that be the result?

Mr. Purkayastha.—Other important factors not forthcoming meanwhile, inferior grades—barring those which have more resisting capacity—will have to be shut down and this will prolong the state of depression. It is only a question of time.

Dr. Matthai.—You make a reference later on in your memorandum to the marginal theory of value. What really the marginal theory means is that you have got in a particular industry various firms, various units, some of whom are less efficient than others. There is a man on the margin who is least efficient and whose cost is highest. There is a certain price ruling in the market. Supposing that price does not cover the cost of this man on the margin, then one of two things must happen: either the price will have to change or your marginal man must drop out. Now you seem to suggest here in your memorandum, that the marginal theory could fulfil itself only by an adjustment of price. It will be perfectly in conformity with the marginal theory if the marginal man drops out.

Mr. Purkayastha.—If the country and the Tariff Board desire the marginal man to drop out, the price of the higher grades, I mean the better classes of coal, would be correspondingly raised.

President.—The only result would be, we would reduce the marginal man two places in the list.

Dr. Matthai.—I want you to consider whether there is not the danger—the Fiscal Commission made a very strong point of it—if we decide the present marginal man is to continue, are not we helping to stereotype inefficient production?

Mr. Purkayastha.—No.

Dr. Matthai.—The theory automatically fulfils itself if the marginal man drops out and therefore more efficient methods continue.

Mr. Purkayastha.—The conditions of industry were unnaturally interfered with meanwhile.

Dr. Matthai.—Will you explain that further?

Mr. Purkayastha.—In 1919 immediately after the war there was an industrial boom. All sorts of small industries cropped up and there was a great demand for industrial coal mostly for the smaller industries. This was the position in 1919 and this was the only strengthening factor in the market and I may just mention here that the higher coal prices date from the year 1919. Then came the year 1920 when the freight was available and most of the countries were prohibiting the export of coal. At that psychological moment the Indian coal trade found a golden opportunity to export its product to Sabang, Singapore, Ceylon and other markets of the Indian ocean.

Dr. Matthai.—You have stated all these facts in the memorandum. Have you got anything else to say?

Mr. Purkayastha.—When I am referring to the unnatural interference, I am referring to the embargo. It was a step taken merely to protect the consumers.

Dr. Matthai.—You would base your answer mainly on that.

Mr. Purkayastha.—You did not allow the free play of economic forces then.

Dr. Matthai.—There was a reference made to the possibility of mines shutting down and re-opening according to the state of the market. Now I would like you to give us some information regarding this matter. Is it very difficult for a mine, that is to say, for a new small mine where elaborate dip workings have not been erected to close down if the market is not favourable and come back again into operation when the market is favourable? Is that very difficult?

Mr. Purkayastha.—Yes.

Dr. Matthai.—Would it be serious?

Rai Bahadur.—The mine will be full of water and unless we pump out the water for some days or even months together, we can't expect to work the mine.

Dr. Matthai.—You make a statement that new small collieries came into existence during the past two or three years. Supposing owing to the state of depression I told them "look here, you had better go out of operation for the present." You say it would be a serious hardship for them.

Mr. Purkayastha.—If the price were determined absolutely by economic forces, there would have been no question to that. But you took undue liberty with the trade and now you ask them to walk out.

Dr. Matthai.—I am still thinking of the marginal man. Supposing I push the marginal man out with the prospect of calling him back into existence if the market improves, I want to know in the first place, is it going to be an impossible thing, and in the second place, is it going to cause serious hardship? Is it possible to conceive of a floating population of collieries?

Mr. Purkayastha.—It will be very serious. The capital is not so organised. Once somebody putting in some capital in coal has burnt his finger, it will be very difficult to attract capital again to the industry.

Dr. Matthai.—Whatever may be the size of the colliery?

Mr. Ojha.—It is not so easy like any other business to close down or re-open a mine.

Mr. Purkayastha.—Irrespective of the fact whether the mine is worked or not, he has got to pay the minimum royalty. If you want to start *de novo*, you have got to build the whole thing and launch on a fresh capital expenditure.

Dr. Matthai.—Is that so serious?

Mr. Ojha.—One of my small mines when it was flooded I had to close down.

Dr. Matthai.—What was the output?

Mr. Ojha.—The output is about 1,000 tons. It cost me Rs. 50,000 to pump out water and re-organise it and then again I have got to pay Rs. 5,000 which is the minimum royalty whether I work the mine or not.

Dr. Matthai.—Can you think of any country progressing in an industrial sense which has levied a protective duty on coal? We are aspiring to progress industrially in India. I have been trying to see whether there are any countries that I can think of which have, in recent years, adopted the policy of progressive industrialisation where there is a protective duty on coal. There is at present a small duty in South Africa. I am not inclined to say that it is a protective duty. It works out to Rs. 2-4-0 a long ton. There is a duty, I believe, in Spain. There are duties in some of the Balkan States. I believe Turkey recently has been trying to prohibit foreign coal. Now I am reluctant to take any action which might land us in the company of these countries.

Mr. Purkayastha.—If you take protection as tantamount to a burden on the taxpayer, I suppose South Africa has more or less adopted a policy of protection with regard to the coal trade.

Dr. Matthai.—I find it very difficult to accept that view. There is very little industrial demand in South Africa.

Mr. Purkayastha.—Whatever the demand is, the industry in South Africa pays a higher price than the price at which coal is exported.

Dr. Matthai.—I raised that point to make you and me realise that the proposition you have asked us to consider is a serious one.

Mr. Purkayastha.—May I in this connection call your attention to the special historical circumstances of the case? When the coal trade was enjoying a very big export market, it was cut out from its possibility of widening.

President.—In fact you want an embargo on imports as a compensation for the embargo on exports.

Mr. Purkayastha.—That will be a fair statement of our position.

Continued on the 28th November 1925.

**Evidence of Messrs. K. M. PURKAYASTHA, AMIRTALAL OJHA
and N. M. MUKERJI.**

Mr. Purkayastha.—Before the Board proceed with the further examination, may I be allowed to return to economic justification of our case?

President.—I don't think it really matters.

Mr. Purkayastha.—I shall be very brief.

President.—Even though your statement is brief, it may suggest questions to us. I have no objection to your doing it, but I would rather finish off the main part of the case about the amount of protection. I would rather get that finished before we hark back to the discussion that has been closed.

Mr. Purkayastha.—We would like very much to make the statement if you have really no objection.

President.—If you prefer to do that, I have no objection.

Mr. Purkayastha.—On Thursday we were discussing about the applicability of the second test of the Fiscal Commission. There was disclosed a divergence of opinion as to the interpretation of the applicability of the second test. As we stated according to the interpretation that we are prepared to put it, the applicability of the second test of the Fiscal Commission need not be rigidly enforced. Assuming that the interpretation put by you is correct and that the second test need be very rigidly applied, I would just draw the attention of the Board to a passage in the Fiscal Commission's Report which, in fact, we have already quoted in the original statement. I am referring to paragraph 106 of the Report where they speak of industries necessary for national defence. The Commission rounds off this paragraph by saying:—

“ Nevertheless, we have no hesitation in affirming the principle that any industry which is essential for purposes of national defence, and for which the conditions in India are not unfavourable, should, if necessary, be adequately protected, irrespective of the general conditions which we have laid down for the protection of industries.”

The point I want to make there is even if the second theoretical test laid down by the Commission is not fulfilled, the Coal industry being an industry absolutely necessary for national defence, the fact that the second test is not fulfilled is immaterial.

President.—We have discussed this question already.

Mr. Ginnwala.—Are not you begging the question?

President.—I put questions to you already about that. Unquestionably in the interests of national defence, India should produce a considerable quantity of coal and I remember I asked you questions on Thursday as to whether the industry would be more valuable for purposes of national defence, because it had supplied 300,000 to 500,000 tons.

Mr. Purkayastha.—This is another issue altogether. This is the immediate gain. You might look at the other side of the picture. What will happen if protection is not granted and in the meantime conditions do not improve. If the present depression continues for some little time, quite a fair section of the industry will have to close down. We have granted at the same time that the only measure for the rehabilitation of the entire industry is not protection. Protection is proposed only as a measure of alleviation. At the same time we recognise that if other measures are not forthcoming and if the present application is also rejected, quite a fair part of the industry will have to close down.

President.—We are only going over the same question which we discussed on Thursday. You can only produce 500,000 tons more if you get protection. That is all that can be said.

Mr. Purkayastha.—It prevents the catastrophe to a certain extent.

President.—I have no more to say to that.

Mr. Purkayastha.—There is another passage we quoted with approval from the Commission's Report. It is from paragraph 103. Our general view is, the Commission writes:—

“that the decision whether protection should be given to basic industries should rest rather on considerations of national economics than on the economics of the particular industry.”

We quoted this with approval. The view that you took of this particular expression of opinion on the part of the Commission is that it goes against our present case. If we read this particular expression of opinion with reference to the context, we don't see how it does. I won't ask you much. I will simply read out the preceding sentence:—

“In any case the development of certain basic industries may be in the interests of the country generally, either because, like the iron and steel industry, they will stimulate the establishment of other industries dependent on them, or because, like some of those industries which have been classed as “key industries” under the British Safeguarding of Industries Act, their products are of such importance that any interference with the supply, such as might arise from a cessation of imports, would bring other industries to a standstill.”

I suppose the suggestion made is this. There are certain industries with regard to the products of which it will be very risky for the country to be dependent on foreign supplies. The point I want to make is this. If you get Bombay to depend on South Africa, or for the matter of that Great Britain, for its coal supply, the position economically is a little precarious. As a matter of fact I can recall an instance which is more or less parallel, an instance which happened last year. I don't remember the month exactly. Sometime in 1924 there was a breach in the railway line in South Africa. Bombay as a result could not get for a couple of months supply of South African coal. This is almost a common occurrence and we can conceive of greater catastrophe for which Bombay may not find it possible to get supply from foreign sources. The same was the case in Colombo when India put an embargo. Colombo did not know which way to look to for their supply of coal.

President.—I have no comments to make.

Mr. Purkayastha.—This is all we beg to draw your attention to.

President.—I have nothing further to ask. It is precisely the same point that arose on the last occasion. If there was a danger that the whole country would be without coal, then that is quite a good point. As it is, it is only a matter of 2 to 3 per cent. of the country's output. I don't think the argument would apply. However, you are quite entitled to draw our attention to. We are indebted to you for alluding to it.

Mr. Purkayastha.—Bombay being a very important centre of industries, it is not by percentage that you should measure it.

President.—But it does not use a very large percentage of coal.

Mr. Purkayastha.—Last year some apprehension was felt by the Bombay industrialists. For sometime they were very doubtful of their supply of coal from South Africa. However, eventually matters were squared up. The breach was repaired and in a couple of months they got their further supplies.

President.—I want to get on to the question of the amount of protection. What you have asked us to do is this. You have asked us to take, in calculating the amount of protection, as the basis Rs. 9 a ton for selected Jharia at the pithead.

Mr. Purkayastha.—Yes.

President.—I suggested to you that meant that protection was still to be effective even if the price of selected Jharia did rise to Rs. 9 a ton.

Mr. Purkayastha.—I beg your pardon.

President.—You might remember at the beginning of the examination on Thursday I said I supposed what that meant was that you desired that protection, if given, might still be effective, even if the price of selected Jharia rose to Rs. 9 a ton. That was your answer.

Mr. Purkayastha.—Yes.

President.—You have got to meet two objections. One is this. That would mean an increase of Rs. 5 a ton to consumers in Bombay and Karachi.

Mr. Purkayastha.—Yes, in the long run.

President.—My first point is that that would be a very serious increase indeed and a very heavy burden on the consumer.

Mr. Purkayastha.—Apparently it looks like that.

President.—It not only looks like it, but it is so.

Mr. Purkayastha.—What is the guarantee that South Africa would not put up prices once they are able to effectively displace us out of the market.

President.—Surely you realize that we are on the basis that protection is needed. If protection is not needed, there is nothing to discuss. You cannot assume in this discussion that the price of South African coal is also rising. If it does, then the duty would not be required. Therefore we must assume that the price of South African coal is not rising. In that case the Bombay consumer would be paying Rs. 5 a ton additional on his coal.

Mr. Purkayastha.—But the possibility of a further rise of South African price is a potential factor which has got to be taken into account.

President.—I don't see why. I should like to know what your view is on the question whether an increase of Rs. 5 a ton would not be a very heavy burden on industries in Bombay and Karachi.

Mr. Purkayastha.—As we have explained right through our memorandum, we don't expect any immediate rise of price to that extent.

President.—I am not talking about the immediate price. Please meet my question, and do not go off on a side line. We are on the basis that you want the protection to continue even when it means an increase of Rs. 5 a ton to the Bombay consumer. I have asked you whether you don't consider that a very heavy burden on industries in Bombay.

Mr. Purkayastha.—It is a question more for the consumers to answer.

President.—It is for you too. I have given you an opportunity for saying what you have got to say.

Mr. Purkayastha.—So far as we are concerned, we don't think so.

Mr. Ojha.—In this case there is no question of a rise to Rs. 9, but on the other hand in case protection is not granted and if the supply of coal to Bombay from Bengal is discontinued, what is the guarantee that the South African trade would not put up the price to that extent?

President.—You are still missing my point which is this. You say, you want the duty to continue even if the price of Bengal coal rose to Rs. 9 a ton at the pithead. That was the answer I got. Obviously that means that you think that the price of South African coal will not go up, because if it did, you would not require it.

Mr. Purkayastha.—They will raise their price when they can do so.

President.—How can they raise the price?

Mr. Purkayastha.—They will drive as hard a bargain as they can.

President.—We are on the basis that a five rupees duty has been imposed on imported coal from South Africa and we assume that the price of Indian coal at the pithead has risen to Rs. 9 a ton. The reason why you are asking for Rs. 5 is precisely that reason and there is no question of South Africa.

raising its price. If it raises the price, it cannot get into the market. If it retains the present price, it can come in if your costs rise to Rs. 9 a ton.

Mr. Purkayastha.—We are assuming the position as it might develop.

President.—We are not on that basis. We are on the basis with a duty of Rs. 5 a ton the Bengal coal has secured the whole of the Bombay market when the price of Bengal coal has risen to Rs. 9 a ton. My question was this. Would not that be a very heavy burden on industries in Bombay?

Mr. Purkayastha.—So far as we are in a position to say, we don't think it will mean much.

Mr. Ojha.—In the first instance, I think the internal competition will not allow the price to rise to that extent.

President.—The assumption is that notwithstanding the internal competition the price of selected Jharia at the pithead has risen to Rs. 9 a ton.

Mr. Purkayastha.—For all sales.

President.—Why should not they get Rs. 9 for coal sold in Bengal as well as for coal sold in Bombay? Why should not internal competition be keener in that market than anywhere else?

Mr. Purkayastha.—When the general level of prices has gone up, even for up country, for Punjab it is Rs. 9 a ton, the same would be the level of price at Bombay. But turning back to question of increased cost of production we do not apprehend any severe burden. I will tell you why. We have not got the figures here, but our impression is that fuel is only a small proportion of the cost of production in the mill industry which is the principal industry at Bombay and Rs. 5 as I say ultimately would not mean a very great reduction in the cost of production per unit.

President.—The Board have now held many enquiries into the various industries. About the increase in the cost of coal to an industry we are in a position to form our own opinion. We have a good deal of information about it.

Mr. Purkayastha.—May we be allowed to quote the opinion of Sir Charles Innes?

President.—I gather what your reply is. You don't think it matters very much.

Mr. Purkayastha.—No, because the cost of coal represents a small percentage of the total cost of production.

President.—I think that argument would not receive a very sympathetic hearing from the Board, because our enquiries had extended over a number of industries. Take paper, for instance. Five tons of coal are required to make one ton of paper. You cannot say that the consumption of coal is a very small percentage. If you get Rs. 9 a ton for selected Jharia at the pithead, do you think you can fairly continue to claim that the industry is depressed?

Mr. Purkayastha.—No.

President.—It would then be reasonably prosperous, would it not?

Mr. Purkayastha.—The industry can go on. Even the marginal quality will sell at a profit.

President.—You have asked for protection on the ground of the existing depression. What you say is:—

“Had other depressing factors been absent probably there would not be any need for protection.”

Therefore, on your own statement if the price of selected Jharia rose to Rs. 9 a ton, it would not need protection.

Mr. Purkayastha.—Yes, if the general level of prices has risen to Rs. 9 a ton at the pithead in respect of 1st class selected Jharia. We have already explained with regard to the third test of the Fiscal Commission that if in the course of the next five years the trade sufficiently recovers, it will do its

best to endeavour to dump coal at Bombay and meet foreign competition without protection.

President.—My point is that on your own case there is no justification for asking for as much as Rs. 5 a ton.

Mr. Purkayastha.—How, please?

President.—Because protection continues to be effective when the price has reached a point when depression has disappeared and on your own statement you no longer require protection.

Mr. Purkayastha.—How to reach that figure of Rs. 9?

President.—That is not my figure. It is your own figure.

Mr. Purkayastha.—How can we get the pithead price of Rs. 9?

President.—I am not saying whether you can or cannot get. The point is that you have asked for a scale of protection based upon that price.

Mr. Purkayastha.—This is the objective.

President.—Certainly?

Mr. Purkayastha.—I don't see how it affects our position.

President.—You have asked for an amount of protection which on your own showing you don't need.

Mr. Purkayastha.—How? We have never made a statement like that.

President.—You have told me that if the price rose to Rs. 9 a ton, there would be no depression.

Mr. Purkayastha.—Yes, but this is not the position at present.

President.—I have put my point, and I think I have put it very clearly. If you cannot meet me, I shall have to leave it. It is in your own interests to meet the points that I have put to you.

Mr. Purkayastha.—When the general level of prices has gone up to the extent of Rs. 9 a ton for selected Jharia, protection would not be necessary. It may be taken off. But before withdrawing the duty, it is necessary to make sure that prices have really come to stay at the higher level.

President.—The proposed duty of Rs. 5 a ton is too high.

Mr. Purkayastha.—How? So long as we have not been able to realise that price, the depression continues.

President.—You told me on Thursday that the duty ought not to be removed even if the price rose to Rs. 9 a ton.

Mr. Purkayastha.—We have granted, in regard to the applicability of the third test laid down by the Fiscal Commission, that there is the chance of the trade recovering to such an extent that all qualities of coal including the marginal qualities of coal mine at present will be saleable at profit and this being so, the duty can be removed.

President.—I am not on that basis now. You told me on Thursday that the view of the Federation was that, even if the price of selected Jharia at the pithead rose to Rs. 9 a ton, the duty ought not to be removed, so that the protection might be fully effective.

Mr. Purkayastha.—We did not mean exactly that. We are sorry if we conveyed that impression. Our anticipation is that we cannot expect to reach that figure very soon. That is why we put 5 years as a reasonable period for which protection might be in force. It would not do for the trade to reach that figure casually. We consider that it should be steadied at that level before protection is withdrawn.

President.—I put it to you again that it does not seem to me that your own figures justify so high a duty as Rs. 5 a ton on South African coal.

Mr. Purkayastha.—We should be very much obliged if you could put the matter plainly. We fail to see the point.

President.—There are two objections to your proposal. One is that it amounts to a very heavy burden on the industries in Bombay, and the other is that you don't need it.

Mr. Purkayastha.—With regard to the first part of the question, we don't consider that it will be a very heavy burden on the consumers in Bombay. The industrial consumers of Bombay will give their own views about it. We ourselves would try to collect information on the point and if necessary would place it before the Board.

President.—There is no need to collect information on the point. It is a perfectly simple one.

Mr. Purkayastha.—We only need ascertain what definite percentage the cost of coal bear to the cost of production per unit, say, in the mill industry. This is our answer to the first part of the question. With regard to the second part of the question I repeat again this being our view, that we base our case for protection on the anticipated price level of Rs. 9. This is our objective and we hope to reach that figure by protection *inter alia* other measures of assistance. But protection is absolutely necessary even by itself. Our calculation is that within the course of the next five years there is the chance of the trade recovering and if a pithead price of Rs. 9 is realised by that time and if the question is reviewed after the expiry of that period, probably the coal trade could be induced to agree to the withdrawal of the duty.

President.—There is another difficulty and it is this. If the Board were to make recommendations on the basis of Rs. 9 a ton for selected Jharia, it would imply that we had a full enquiry into the cost of production in the coal trade; it would imply that had we very thoroughly investigated the question of the cost of production of different mines, and that we came to some finding as to the quantity of second class coal it was desirable to produce in the national interests. There are a number of other points which we might have to examine carefully before we could accept as the basis of our recommendations the price of Rs. 9 per ton. That is not a matter for enquiry for weeks or even months and also it would certainly require expert advice. In these circumstances, the Board must naturally hesitate before they take Rs. 9 a ton as the basis of their recommendations. There is a further point about that. Before I go on to that, would you like to make any comments on what I have just stated?

Mr. Purkayastha.—Yes, firstly there is the finding of the Indian Coal Committee. We have been asking for this protection ever since May 1923 and after a very prolonged correspondence the Government of India appointed the Coal Committee. I think in the very resolution by which the Coal Committee was appointed it was distinctly said that prior to an examination of the question of tariff assistance by the Tariff Board, it was necessary to refer the matter to a body of experts who would clear the ground for the examination of the Tariff Board. I suppose that the finding of the Coal Committee on the point of raising cost, *viz.*, Rs. 5 and Rs. 6 in the Jharia and Raneeganj coalfields, entitles the coal trade to definitely claim this as their average raising cost.

President.—Supposing Rs. 5 and Rs. 6 are average costs, one does not follow that the price of selected Jharia has got to go to Rs. 9. You are assuming that it is necessary in the national interests that the production of second class coal at a profit should be possible.

Mr. Purkayastha.—Yes.

President.—Why should we assume that?

Mr. Purkayastha.—You are questioning why we are assuming that!

President.—So long as there is enough first class coal in the country to provide, why should we assume that the production of second class coal is also necessary?

Mr. Purkayastha.—What is the definition of first class and second class coal?

President.—Precisely? It will involve a laborious enquiry to find that out.

Mr. Purkayastha.—We would like to discuss that question too. If the Board would permit me, I am perfectly prepared to go into that.

President.—You cannot go into that question to-day. A very large amount of spade work would have to be done before the Board could satisfy themselves on those points.

Mr. Purkayastha.—Unfortunately, the impression has got abroad that the Federation did admit that second class coal would not be benefited by protection.

President.—That has nothing whatever to do with the point that we are discussing.

Mr. Purkayastha.—Much is made of this second class and first class coal which is not warranted on a scientific examination of the qualities of coal. I have not got the letter here, but I can certainly show to the Board the letter in which the Railway Board themselves admit or at least suggest very definitely that second class collieries owned by the railway companies can yet be economical on account of the contiguity of the collieries to the owning lines because the cost of transport is low.

President.—Naturally when any second class colliery has got the advantage of a market in its vicinity, it won't close down and therefore the question does not arise.

Mr. Purkayastha.—It is not a question against second class coal.

President.—The second class colliery you are talking of has a natural advantage of its own to keep it going.

Mr. Purkayastha.—This particular view opens up a long discussion because particularly the Federation represent so much the interests of the so called second class mines. We wonder how the transport system would have been maintained in India during the war but for the second class coal mines.

President.—I know what your position is about that. But then the Board would have to come to the conclusion that it is worth while producing coal down to a certain quality but not lower. A line has got to be drawn somewhere which is a very difficult thing to do.

Mr. Purkayastha.—That would be a very pertinent enquiry.

President.—There is another thing. Is it really a question in which we can possibly take long views? At the moment what you want is assistance to keep you going during a temporary depression. Is it any use basing our proposals on any ideal figure of what you ought to get when it is almost certain for several years you won't get it.

Mr. Purkayastha.—We are referring to a simple economic proposition.

President.—Ought not we to take for our basis not any theoretical price but the price that you actually get at the pithead?

Mr. Purkayastha.—It is not an ideal price. It is a very fair price. The ideal price you are referring to is the price at which coal can be sold at a profit having reference to certain cost of raising.

President.—Don't you think that if the more expensive mines close down the average cost of raising will be reduced?

Mr. Purkayastha.—Not necessarily.

President.—But surely, quite necessarily.

Mr. Purkayastha.—Not necessarily, because in some cases the present scale of development would not meet the demand for production. They will have to employ more mechanical methods of production.

President.—That really is rather remote, but the point I am putting to you is this. Would it not be much more reasonable for the Board to take the line that we cannot go into the question of the price you ought to get, because nothing that we can do can give it to you. Suppose the price did rise to Rs. 9, it would not be the result of protection. It has got to happen independently. In the case of the Steel industry and the Paper industry undoubtedly the Board worked on the basis of ascertaining what would be a fair price because the protective duty on those cases could be effective,

and it could actually give the Indian manufacturer these prices. In this case it cannot.

Mr. Purkayastha.—Ultimately it will.

President.—It won't be the result of protection. It has got to happen independently.

Mr. Purkayastha.—That is true.

President.—It is a totally different case. It is quite different from the Steel case, and from the Paper case.

Mr. Purkayastha.—Without protection the coal trade cannot realise this price in those particular markets.

President.—But you cannot realise it even with protection.

Mr. Purkayastha.—We can.

President.—Not at present, not as a result of protection.

Mr. Purkayastha.—It may not have a positive value, but there is the negative value. Without protection we would not realise it in those particular centres.

President.—It seems to me a novel proposal to impose a duty on the basis of a price which you cannot get.

Mr. Purkayastha.—But ultimately we will have to realise this price.

President.—Why?

Mr. Purkayastha.—Otherwise we cannot stand.

President.—Do you mean to say that no coal can be produced in India unless the price rises to that extent? At the pithead you will get the price determined by the internal competition between the various mines.

Mr. Purkayastha.—We do grant that, in spite of protection, however, high it may be, the internal competition will be operative.

President.—That will settle itself independently of protection.

Mr. Purkayastha.—It cannot, because there are other competitors who are knocking down the price far below. You have got to eliminate that factor and then the price will be automatically determined by internal competition.

President.—Therefore in these circumstances it is no use saying that the price has got to rise to Rs. 9. There is no 'got to' about it.

Mr. Purkayastha.—What is the position with regard to any other case of protection?

President.—The point is that in other industries to which I have referred the price over the greater part of India, and in some cases over the whole of India, is determined by the price of the imported article, paper or steel whichever it is. In these circumstances if you put on a protective duty, you can raise the price all over India.

Mr. Purkayastha.—Yes.

President.—In this case over much the greater part of India the price is not affected by the price of imported coal and therefore the price of coal over the greater part of India is not affected by the duty. That is the difference between the two cases.

Mr. Purkayastha.—I grant you that. Does that take away the applicability of the same principle to the present case?

President.—Undoubtedly it does. In the one case you calculate the fair price knowing that as a result of the measures taken the Indian producer can get it. In this case, you ask us to assume a certain price to be the fair price knowing that the duty will not give you that price.

Mr. Purkayastha.—It has been pushed higher than the bare necessity when you take into consideration the raising cost.

President.—It is not a question of cost. It is a question whether it will give it to you.

Mr. Purkayastha.—That the duty of Rs. 5 would not be effective immediately is only an unfortunate aspect of the proposal.

President.—Well, I have put the point to you. I have only one more point to put to you in this connection and it is this. In your answer to question 22 you say "Moreover, a protective duty on fuel oil, if utilised specifically for the benefit of the coal trade as suggested in the Federation's original application will most assuredly re-establish the lost export market of the Indian coal trade," and the bounty you propose is Rs. 3 per ton.

Mr. Purkayastha.—Exactly.

President.—If you can get back to your export markets with assistance to the extent of only Rs. 3 a ton, why do you want Rs. 10 a ton in Bombay and Karachi?

Mr. Purkayastha.—Firstly, because this is determined by the finance at the disposal. We have put forward the proposal of a duty of only half an anna a gallon on imported fuel oil.

President.—The only assistance you want as regards the export market is Rs. 3 a ton.

Mr. Purkayastha.—That scale of assistance was determined by the funds at the disposal.

President.—That is not the point. The point is that "a protective duty on oil.....will most assuredly re-establish the lost export market of the Indian coal trade."

Mr. Purkayastha.—The view we take in regard to the export trade is—this was the view expressed by the Federation also before the Indian Coal Committee—that initially we have got to make a greater sacrifice than we can in our own home markets. Bombay we venture to claim as our own market but Colombo or Singapore is not a market to which we have as much natural claim as we have to Bombay or Karachi.

President.—I am not sure I fully understand. Your point is that you are prepared to dump in the foreign markets but that you don't think it is fair that you should have to dump in the home markets.

Mr. Purkayastha.—Unless we are prosperous in the meantime.

President.—Why do you dump in Madras and Rangoon?

Mr. Purkayastha.—We are not in a position to do so.

President.—Pardon me, you are doing so.

Mr. Purkayastha.—No.

President.—Although there is a difference of Rs. 2 per ton between the transport charges to Bombay and the transport charges to Rangoon, you have told us on Thursday that for coal sold in Rangoon you get no more at the pithead than you get for coal sold in Bombay. It is dumping in Rangoon.

Mr. Purkayastha.—I don't see how it is. We are charging the same pithead price. How can a particular shipper charge a pithead price of Rs. 7 when there is the chance of other shippers under-quoting him.

President.—Why do they under-quote each other to a greater extent in Rangoon than they do in Bengal and Bihar?

Mr. Purkayastha.—There is no chance of under-quotation here. By the expiration of demand and supply this rate has been determined.

President.—We come to something like this, that at Bombay selling in competition with foreign coal you cannot realise at the pithead more than Rs. 5 a ton.

Mr. Purkayastha.—Yes.

President.—You are selling coal in Rangoon at a price which only gives you Rs. 5 a ton at the pithead.

Mr. Purkayastha.—Yes.

President.—But the average price at the pithead is Rs. 6-8-0 a ton for selected Jharis.

Mr. Purkayastha.—Yes.

President.—Why are the mines willing to accept a lower price in Rangoon?

Mr. Purkayastha.—Because of the competition with foreign coal.

President.—If you are selling at Rs. 17 in Bombay, you are selling at Rs. 15 in Rangoon and foreign coal cannot come down to that price.

Mr. Purkayastha.—The general depression is also a great factor.

President.—The point as far as I can see is that in Rangoon and Madras at present the industry is accepting a lower price than it accepts for coal sold in the markets nearer the coalfields.

Mr. Purkayastha.—Yes.

President.—As far as I can judge, it is not due to the competition of imported coal. The price of coal in Madras and Rangoon is not fixed by the competition of imported coal. It is mainly fixed by the internal competition.

Mr. Ojha.—The position is this. Bombay insists upon getting only selected Jharia or any such class to compare with the imported coal, whereas in Madras and Rangoon consumers take sometimes also some other class of coal. I do not know whether you mean that.

President.—It does not clear up very much. Coming back to the main point, although you are prepared to accept a low price in the export markets in order to get your share of the business you don't see why you should do so in Bombay and Karachi. If you did do so, it would be just as easy to get to Bombay and Karachi as it would be to Colombo.

Mr. Purkayastha.—We are doing that sacrifice already. We are making strenuous efforts to regain the Bombay market since 1924. There is no questioning that.

President.—If the Board instead of taking Rs. 9 a ton as basis of their proposals took the present price of selected Jharia of Rs. 6-8—I do not ask you to agree to that—but supposing we did take Rs. 6-8-0 as our basis, then the duty required would be only Rs. 2-8-0 a ton.

Mr. Purkayastha.—Yes.

President.—The next point I want to ask you is the question of transport charges. In arriving at your figure of Rs. 13.....

Mr. Purkayastha.—Excuse me for interrupting you. Supposing the Board choose to take Rs. 6-8-0 as the legitimate pithead price.....

President.—We are not talking about the legitimate price.

Mr. Purkayastha.—How do you characterise it?

President.—I have given you certain reasons which lead to the conclusion that the Board might very properly, instead of taking an ideal price of Rs. 9 a ton, take as the basis of any proposals which they may put forward, the actual price of selected Jharia on the ground that, whatever the rate of duty might be, you would not actually get more than Rs. 6-8-0 a ton. I have passed from that consideration. I can understand that the Federation do not accept that view.

Mr. Purkayastha.—I want to make my position clear. If you do that, the inferior coal would not be able to find a market.

President.—I quite understand that that is your view. My reply to that is that it won't find a market even if you put a duty of Rs. 100 per ton.

Mr. Purkayastha.—How?

President.—Because the first class mines can easily produce the extra 500,000 tons required.

Mr. Purkayastha.—It is all a question of price.

President.—We have been over that ground so often. We quite understand what your view is. I want to get on.

Mr. Purkayastha.—We fail to understand why the Board or anybody should assume that Bombay would not buy any second class coal. It is all

a question of price. It is only with a view to adjust the price to the quality that we have suggested a duty of Rs. 5 a ton.

President.—I have already told you that I quite understand your claim and my reply has been that the duty will not enable you to get that.

Mr. Purkayastha.—Not by itself.

President.—I am not asking you to accept the view I put before you; I am not asking you to do that. My only point is, if the Board take as their basis the present price of selected Jharia, then the duty required on South African coal is Rs. 2-8-0 a ton?

Mr. Purkayastha.—Arithmetically, yes.

President.—You have taken the figure of Rs. 13 for transport charges and in that total the steamer freight from Calcutta to Bombay is taken as Rs. 8-4.

Mr. Purkayastha.—Yes.

President.—The present rate given to us by the Indian Mining Association is Rs. 6-8-0.

Mr. Purkayastha.—Yes, that is the position now.

President.—They have also told us that the freight on South African coal has dropped from 12 shillings to 10 shillings a ton, that is roughly Rs. 1-5-4, let us say Rs. 1-4-0, getting rid of the pies.

Mr. Purkayastha.—Yes.

President.—As both the rates have come down you are no longer entitled to take Rs. 8-4-0 as the sea freight to Bombay in calculating the amount of protection required.

Mr. Purkayastha.—We have given the normal level of freight.

President.—12 shillings is the normal rate to start on.

Mr. Purkayastha.—We are not concerned with the sea freight on South African coal.

President.—Pardon me, you are assuming that the fall in the price of South African coal in Bombay is mainly due to the fall in the freight.

Mr. Purkayastha.—Have we ever suggested that? We don't want to consider this in considering the possibility of a rise in the price.

President.—What you are practically doing is this. You are comparing the price of South African coal which has been reached owing to a fall of Rs. 1-5-4 in the freight from South Africa. We have obtained definite information from the Indian Mining Association that the freight—not only the freight from Calcutta to Bombay, but from South Africa to Bombay—has fallen. The point I am trying to put to you is this, that Rs. 17 a ton for South African coal as compared with the price found by the Coal Committee is largely explained by a reduction of sea freight from South Africa of Rs. 1-5-4 a ton. I base my statement on definite information supplied by the Association. If so, and if you take Rs. 8-4-0 as still being the freight to Bombay, the comparison is not fair because both freights have come down and therefore your proposal assumes that the position about freight is Rs. 1-5-4 worse than the Coal Committee took it to be. They took the freights at Rs. 8 and Rs. 8-4-0 and you are taking it at Rs. 8-4-0 and Rs. 6-12-0.

Mr. Purkayastha.—I should be perfectly justified in assuming Rs. 8 as the average freight. When you speak of the South African freight, the suggestion made there is this, that freight will steady itself at this particular level.

President.—Not a bit. The point is, that both freights have gone down together; the freight from Calcutta has fallen from Rs. 8-4-0 to Rs. 6-8-0 and the South African freight has fallen from 12 shillings to 10 shillings. All I am assuming is that if the freight from Calcutta again rises to Rs. 8-4-0, it is probable that freight from South Africa will again rise from 10 to 12 shillings.

Mr. Purkayastha.—How are you justified to make this presumption?

President.—Because it is the same cause which has led to the fall in the freights in both cases, namely depression in the shipping trade.

Mr. Purkayastha.—As regards this freight movement we made certain enquiries, and I suppose we are perfectly justified in saying that this fall is due to seasonal slackening. Every year during the earlier months when there is brisk export trade freight always stiffens, and if the freight to-day is Rs. 6-8-0 the reason is that there is not much shipment done these days, but certainly this is an abnormal feature and freight is sure to stiffen in the course of two or three months. Every year it is a common phenomenon in the freight market that freight is rather high in the earlier months and a little lower in the concluding months and we have tried to strike an average.

President.—But your figure is the same figure the Coal Committee took. If you ask me to take that as the average freight I must also take the freight they give for South African coal.

Mr. Purkayastha.—We are not concerned with what South Africa was paying, we are concerned with the present quotation.

President.—The Board are concerned with what South Africa is actually paying.

Mr. Purkayastha.—If anybody can assure us that the quotation will go up then of course the position becomes changed, otherwise we have got to take the facts as they are.

President.—What you are asking us to do is to assume that the position is Rs. 1-5-4 worse in respect of your freight as compared with what the Coal Committee found, whereas as a matter of fact at the present moment it is 8 annas better.

Mr. Ojha.—What I would like to say is that it does not necessarily follow that in case our freight goes up their freight will also go up. That does not always happen.

President.—Not necessarily, we agree to that. But when they both come down simultaneously, it is a reasonable supposition that it may be due to the depression in the shipping trade.

Mr. Purkayastha.—It may be a reasonable supposition but past experience has taught us not to take that into consideration.

President.—The Coal Committee did not mention any freight as low as that. Has the freight from Calcutta to Bombay for coal has ever been so low as Rs. 6-4-0?

Mr. Ojha.—Last year it was about this at this time of the year.

President.—All I can put to you is that I cannot find any justification in the evidence for assuming this deterioration of Rs. 1-5-4 that you ask us to assume in the freight position as between India and South Africa. That is what you are asking us to do.

Mr. Purkayastha.—We have not asked you to do that exactly. We have merely taken the South African position as a standard.

President.—I may point out to you that your price of Rs. 17 would be Rs. 18-5-4 were it not for the fall in the freight on South African coal. You are asking us to take the Calcutta freight at Rs. 8-4-0 but the South African freight at 10 shillings per ton.

Mr. Purkayastha.—Can we establish the cause and effect of the fall in freight with regard to India and South Africa? Is there any possible connection?

President.—We know that the cause and effect have possible connection to this extent, that freights all over the world tend to rise and fall together in a seasonal fluctuation. If you will follow the shipping index prices that are published monthly in the 'Economist' you will find that, although they do not move absolutely together you frequently do find a general tendency for all of them to move together.

Mr. Ojha.—As far as sea freights between Calcutta and Bombay and any other foreign country are concerned, the material difference is this, that in the case of sea freight from a foreign country they cannot always get return cargo and therefore they bring coal at practically nominal freight because otherwise they would have to work back empty steamers.

President.—That is already allowed for in the Coal Committee's figures of Rs. 8-4-0 and 12 shillings, the equivalent of which is about Rs. 8.

Mr. Purkayastha.—In our Statement IX we have quoted figures to show that there is a continual cutting of prices in South Africa. Are all these systematic lowering of prices due to fall in freight?

President.—I must ask you to keep to one point while I am asking you questions and not to diverge to other points. If the Association's information is correct, and I have no reason to disbelieve it, the fall in the price is due to a fall in the freight to the extent of Rs. 1-5-4 a ton and to that extent the fall in the price of their coal is explained.

Mr. Purkayastha.—What is exactly the extent of the fall?

President.—From 12 to 10 shillings.

Mr. Ojha.—You can reasonably assume that in case the freight goes up. Of course in this case the other freight might also go up, but I say it does not necessarily follow that it will go up in every case. Past experience has taught us not to take it in that way. When there was a coal combine, I think in 1924, the first few fixtures we got at Rs. 7 and the next steamer that came in we could not get even for Rs. 9-8-0 and there was no corresponding increase in the sea freight from South Africa to Bombay.

President.—I cannot see any reason for taking the freight position as Rs. 1-5-4 worse than the Coal Committee found it to be—I am not taking into account the fall in the Calcutta freight which is Rs. 1-12-0, but only a fall of Rs. 1-5-4, which leaves the two freights in exactly the same relative position as the Coal Committee found them to be. You are asking for an extra Rs. 1-5-4 which it does not seem to me that the evidence justifies.

Mr. Ojha.—I don't think the margin will always be the same. Because it was taken at that rate, there is no reason that now it should be taken at the same rate.

Mr. Purkayastha.—May I refer to one thing? Sir Charles Innes speaking in the Legislative Assembly when the Resolution on a countervailing duty on South African Coal was discussed quoted the sea freight at 15 shillings in February 1924.

President.—If you look up the figures you will find that there has been a general fall in sea freights since then all over the world. However if you find that it was not so, you can look up the index prices and draw my attention. I am not laying this down dogmatically.

Mr. Purkayastha.—It may be as you say, we have no reason to disbelieve it.

President.—My point is this. If you make this allowance for freight which I think it is necessary to make, it brings you down to Rs. 1-4-0.

Mr. Purkayastha.—May I make one suggestion? In fairness to the coal trade the calculation ought to be on the average and the average quotation of South Africa may be taken into consideration; we have no objection to that.

President.—If we take the average of the South African freight which has recently come down, we shall probably arrive at a figure of 13 shillings per ton. As I say, the sum of Rs. 1-5-4 in your claim is exceedingly doubtful. I have first assumed that the protection required should be reduced to Rs. 2-8-0, next I take off the extra Rs. 1-4-0 (in round figures). That brings you down to Rs. 1-4-0.

My next point is this. You have told us that owing to the prejudice of the Bombay consumer you get Rs. 2 less than the price you ought to get. Therefore it follows that if there were no prejudice, on the figures I put to you, there would be no need for protection at all. I want to put to a few questions about the prejudice. We asked you whether it was justified by the condition and quality of the coal which was sent to the Bombay market. Your answer is "This again is a question of more or less historical interest and is little instructive to study now. It can nevertheless be admitted that in the years 1919 and 1920 when coal prices were high, the shippers who were

generally middlemen had no doubt to make up a composite cargo and ship a mixture of different grades of coal in order to adjust prices." In so far as the prejudice is justified by the condition and quality of the Bengal coal sent to Bombay, you attribute it to the mixed cargoes that were sent in these years. Is that your meaning?

Mr. Purkayastha.—We recognize that the prejudice has affected us but we have not given much thought what it was really due to.

President.—All that you admit is that certain cargoes were unsatisfactory in those years and you think in those years particularly the prejudice did arise?

Mr. Purkayastha.—Yes.

President.—Did you look up the figures of how much coal was shipped to Bombay in 1919-20? It was 45,000 tons and if you look up the figures of how much coal went to Bombay by rail in 1919-20 it was 968,000 tons. In 1920-21 the figures are 178,000 tons by sea and 693,000 tons by rail. It seems to me to be very remarkable if this strong feeling about Bengal coal was entirely due to the few consignments that went by sea when the great bulk of the Bengal coal went by rail. Isn't there a difficulty there? It seems to me that the conditions under which coal was carried by sea cannot be an important point when the great bulk went by rail?

Mr. Purkayastha.—It is just possible that some attempts were made to send mixed stuff to Bombay.

President.—But coal sent to Bombay by rail would go direct from the mines?

Mr. Purkayastha.—Not at all. As Mr. Ojha was explaining to you the other day, Bombay people buy the railway receipt and you don't know what the middleman may do.

President.—In any case the coal will be loaded from the mines direct?

Mr. Purkayastha.—I will explain the position. In those days when wagons were scarce and were rationed for particular purposes, against particular consumers, certain wagons were allotted *pro rata* on collieries raising. The collieries were at liberty to send these wagons to any buyer, to any destination. Naturally enough they were indifferently loaded to suit the ruling price, the collieries having no idea as to the buyers they would eventually go to.

President.—There is another point which is this. In all our enquiries the cost of coal has been a question of some importance and I think I am right in saying that on every occasion on which we examined a witness about coal the industry was using, they all said the same thing, that there had been great deterioration in the quality of the coal supplied by the Bengal and Bihar collieries during the war and the period immediately following. The Tata Iron and Steel Company said the same thing, the cement companies, the paper companies and so on.

Mr. Ojha.—That is quite right, because practically all the good coal was then being taken by the railways and the Government, and no good coal was available.

President.—I have heard a good many complaints from railways about the quality of the coal they got.

Mr. Purkayastha.—All the shippers who have been shipping to Bombay are now paying their attention to the quality and condition of coal sent there.

President.—The Coal Committee found that every port they visited complained that the quality of the Bengal coal was not satisfactory. Is it not therefore very difficult to resist the impression that the coal trade itself is responsible for the existence of this prejudice?

Mr. Ojha.—In India or in foreign ports?

President.—Both. If it is only in the case of foreign ports then you can attribute it to the conditions to which you refer. But as we have explained, the industries who got the coal by rail have all complained that there was great deterioration in those years followed by a gradual improvement.

Mr. Purkayastha.—The demand was then much greater than the supply.

President.—What you say practically is this that you can sell any old stuff if the price is high?

Mr. Ojha.—It is not that. It was due to defective arrangement under which buyers bought coal. People who buy direct from collieries have no reason to complain about the quality.

President.—The Tata Iron and Steel Company buy direct from the collieries, the paper mills buy direct from collieries?

Mr. Ginwala.—Some of the paper mills are owners of collieries.

Mr. Ojha.—The coal I supplied to the mill area they had never any reason to complain about. It may be that Bombay buyers did not make arrangements with responsible parties but preferred to purchase from anywhere, only ready loaded wagons standing there and railway receipts were sold in the market.

Mr. Ginwala.—The Steel industry is, after the Railways, the largest single consumer of coal and we actually found that their cost of coke and fuel had all gone up because there had been a steady deterioration of the quality. What you say about the purchase of ready loaded wagons does not apply to the Steel company.

Mr. Ojha.—How could it be possible? They are under the contract.

Mr. Ginwala.—That was the case.

President.—The collieries were supplying indifferent coal.

Mr. Ojha.—I must say it is not a manufactured article. It is always a mineral. When it is supplied from one mine, it must be the same. I don't see why there should be any decline in quality.

President.—The quality supplied may not have been pure coal. There may have been a good deal of adventitious substance added to it. The proportion of ash came out a good deal higher. That we had both from the Tata Company and the Cement Companies.

Mr. Ojha.—It may be due to bad loading.

Mr. Ginwala.—We are dealing with the fact that the quality of the coal had deteriorated and that was largely responsible for the prejudice against the Bengal coal.

President.—If so, how can the trade divest itself from all responsibility?

Mr. Purkayastha.—The coal trade has a lot of things to say in defence.

Mr. Ojha.—In the case of Steel Companies, they, I know, have entered into long period contracts and they have been getting practically the same quality they bought. It may be due to bad loading.

Mr. Ginwala.—What do you expect the Steel Companies to do? They must have a certain quantity of coal. If they don't, they will have to shut down.

Mr. Ojha.—As far as I know they have never purchased in the open market for their own requirements.

President.—The collieries were supplying them with indifferent coal which was very much worse than it had been.

Mr. Purkayastha.—May I draw the attention of the Board to the policy of certain buyers who would give the dog a bad name and hang it.

Mr. Ginwala.—If the dog manages to get a bad name, why should it not be hanged?

Mr. Ojha.—For the fault of few individuals the whole industry could not be penalised.

President.—It is not a case of few individuals when you have got a widespread feeling in every export market. The Tariff Board have examined several industries and the general feeling was that the quality of the coal had greatly deteriorated.

Mr. Purkayastha.—Before the war there was absolutely no prejudice. It has been only after the war. We must examine the causes first.

President.—If the Board came to the conclusion that if the prejudice is due in the main to the fact that the Bengal and Bihar coal mines supplied indifferent coal, or did not supply according to the sample, is it reasonable that they should get assistance at the expense of the public?

Mr. Ojha.—I don't think it would be reasonable, but it is not so in this case.

President.—I should be very glad to hear the causes for that prejudice.

Mr. Purkayastha.—May I explain? Let us take a historical view of the position of the coal trade in recent years. Did it not supply fuel before the war, did it not supply during the war and was not the coal commandeered by the Government at a nominal price? Owing to the transport system which meant a rationing system, were not prices very seriously depressed? With all these experiences and with all these tales of suffering, would not you pardon a trade for the very common human weakness of taking advantage of the high market when it had.

President.—Do you admit that it did?

Mr. Purkayastha.—We dispute it.

President.—Are you admitting that it did?

Mr. Purkayastha.—We don't admit. Even supposing we did, if the Board comes to that conclusion, would it be reasonable to blame the trade having regard to the facts of the past?

President.—You can't ask me any questions.

Mr. Purkayastha.—It is only the manner of putting it. My answer is no, having regard to these facts.

President.—That is after all an argumentative answer. What about the facts I have been drawing your attention to. There has been a very strong body of evidence that the Bengal and Bihar mines actually supplied indifferent coal for a couple of years.

Mr. Purkayastha.—It may be that part of it is due to the trade. There may be legitimate grounds for such prejudice.

President.—I am on the question of facts. Do you admit that the trade was at fault?

Mr. Purkayastha.—Only a part of it, but not to a very large extent to justify the prejudice. There is a tendency even to-day amongst quite a considerable section of buyers to give the coal a bad name and to condemn it.

President.—What motive can they have?

Mr. Purkayastha.—In knocking down the price.

Mr. Ojha.—I do not know what the motive may be. I was in Bombay last year and there was a cargo of coal lying at bunder which was Indian coal. A mill wanted a certain quantity of coal and they wanted to have a sample of that coal. The moment they came to place an order for 100 tons, somebody else went and told them that it was Indian coal. The very man went and offered another sample of African coal and purchased the very same coal from us. The report was that the coal was very satisfactory.

Mr. Ginwala.—The President has repeatedly pointed out to you that prejudice exists. The best evidence of the prejudice is that you have got to take Rs. 2 less than you would get if there was no prejudice.

Mr. Purkayastha.—We are explaining how far the prejudice can be laid at the door of the trade.

Mr. Ginwala.—How can you lay it at the door of the purchaser?

Mr. Ojha.—It was due to the defective system under which they bought their coal.

Mr. Ginwala.—Is it for the vendor to impose terms on the purchaser as to what he should do in getting the coal, or is it the duty of the seller to meet the purchaser? Especially when competition is keen, is there not an additional duty thrown on the vendor?

Mr. Purkayastha.—There was no competition in those days

Mr. Ginwala.—That is the thing. You took advantage of that factor. You knew that the purchaser was at the mercy of the seller.

Mr. Ojha.—It is not so that we took advantage. There was no good coal available, so they had to take anything they could lay their hands on, and now they say they didn't get satisfactory coal. What we say is that difficulty can be remedied by giving good coal which is available now.

Mr. Ginwala.—The other day you refused to agree to submit yourself to compulsory grading. You don't want to give a guarantee.

Mr. Ojha.—We would be very glad to do it if it mattered. Suppose you make it compulsory grading, what material difference it makes.

Mr. Purkayastha.—If necessary we have no objection, but on principle it is uncalled for at this stage.

Mr. Ginwala.—What is the good of making that kind of statement: "If necessary, I will submit. As it is unnecessary, I won't." How has the position altered?

Mr. Purkayastha.—So far as facts stand, it involves undue interference, that is why we object on principle.

President.—It is not for the vendor to complain of interference. As far as I can judge, the less second class coal that enters Bombay the better.

Mr. Purkayastha.—B., B. and C. I. Railways do buy second class coal. If railways could buy, why not the industries.

Mr. Ginwala.—How could you compel the industries to buy a thing which they don't want to buy?

Mr. Purkayastha.—We dispute the presumption that they don't want to buy.

Mr. Ginwala.—They simply say they won't buy.

Mr. Purkayastha.—Then it is unfortunate. We have to give them tempting rates.

President.—The prejudice is in the main due to this that the quality they got was not good enough, and there is more in it than the fact that the quality was not good. Their complaint was that the quality was not what it claimed to be.

Mr. Ojha.—I don't know how could it be otherwise. There was the transport system, the rationing system. Wagons were loaded for particular purposes from particular collieries. You might take a portion despatched under the public supply. Otherwise this was the system for the supply of wagons.

President.—Did the purchaser know from what collieries he was getting coal?

Mr. Purkayastha.—On a requisition from the purchaser to the Coal Transportation Officer, wagons are allotted.

Mr. Ginwala.—Why should a man purchase your coal? A man wants to buy coal. He says to himself: "Why should I bother about enquiries. They throw additional work on me. Here is the South African coal. I have got to do nothing except to buy it and I get it also at a cheaper rate." Why do you expect the buyer to make these unnecessary enquiries to protect himself against the fraud that may be practised on this side?

Mr. Purkayastha.—Even when they are purchasing South African coal, they have got to make this little discrimination. They have got to exercise their judgment.

Mr. Ginwala.—The buyer says: "I will purchase this coal as he has got a certificate that it was shipped at this particular port and comes from a particular colliery." This is sufficient for his purpose, whereas in your case he has got to take many precautions. He has got to follow a particular system.

Mr. Purkayastha.—There is no such system now. If a particular cargo is offered to him, it is covered by the certificate.

Mr. Ojha.—You say: "Why should the buyer take care what he should purchase and what not." I am afraid in all cases whether coal or cotton or anything the buyers must know the quality they are buying.

Mr. Ginwala.—I have not made any such absurd statement as you are imputing to me. What I said here was: The man says: "Here is an article which I can buy with confidence. There is the other article which serves the same purpose but I have got to incur additional expenditure and trouble." So he refuses to buy.

Mr. Ojha.—In pre-war days he could and he did buy the quality he wanted as he does in the case of South African coal at present.

President.—I want to go on to the amount of protection you have asked for on British coal. The price you have taken as typical is the price of Rs. 19 a ton of North Country coal.

Mr. Purkayastha.—Yes.

President.—Your protective duty is based on the idea that that coal will realise a price of Rs. 7 a ton higher than the North Country coal. It is only the North Country coal that is coming at Rs. 19 a ton and you have based your duty on that. Therefore I am entitled to say that your claim is that this North Country coal will realise Rs. 7 a ton higher than selected Jharia.

Mr. Purkayastha.—We don't.

President.—Then your proposal has no meaning.

Mr. Purkayastha.—May I refer you to paragraph 18 of the original application. The opinion that we expressed there is that generally speaking the British coal is sold Rs. 5 to Rs. 10 a ton higher than best Indian coal. We took an average of Rs. 7.

President.—That was obviously unfair.

Mr. Purkayastha.—That was our case.

President.—Your figure of Rs. 10 cannot be justified at all. What is the price of best Welsh coal in Bombay at present?

Mr. Purkayastha.—The price of Welsh coal is 32s. c.i.f.

President.—Let me give you what information I have got. The Association told us that the present price of Welsh coal is 37s. 6d. That works out almost exactly, if you take the sea freight on coal supplied to Admiralty and added the usual allowance, to Rs. 24-10-0, about Rs. 25 a ton, i.e., Rs. 8 higher than the price of Indian coal.

Mr. Purkayastha.—There is the bounty which you have got to take into consideration.

President.—We are not on the question of what the cause of the price is. It is a question of what the price is. It is only Rs. 8 higher than the best Indian coal.

Mr. Purkayastha.—At present.

President.—What you are aiming at is Rs. 22 for Indian coal.

Mr. Purkayastha.—Yes.

President.—But then you have got to raise the best Welsh to Rs. 30.

Mr. Purkayastha.—Yes.

President.—Only Rs. 5 a ton is required for that purpose.

Mr. Purkayastha.—If it is saleable at that figure of Rs. 30, duty of Rs. 5 would not be effective in the case of British coal.

President.—What you have done is you have asked for a protective duty of Rs. 10 based upon this price of North Country coal.

Mr. Purkayastha.—Excuse me.

President.—You have taken Rs. 19 a ton as the price at which British coal will be imported. In order to raise it to Rs. 29 you have added Rs. 10.

Mr. Purkayastha.—Our general feeling is that British coal commands a price of Rs. 5 to Rs. 10 higher than best Indian coal. We struck an average and if there is a duty of Rs. 7 we can probably displace the British coal, but as only best grades of Indian coal can displace by a duty of Rs. 7, we asked for a duty of Rs. 10 so that it might give scope for all classes of coal to compete at a remunerative price in Bombay.

President.—I can only put it to you that your claim for duty of Rs. 10 a ton on all coal except South African coal is entirely without justification, because it is based upon a price of Rs. 19 a ton for British coal which is not anything like the average price of British coal.

Mr. Purkayastha.—We don't base our case on that.

President.—Pardon me. At the opening of the examination on Thursday, I put these very figures to you and you accepted them. The figures I put to you were these. The price you are aiming at is Rs. 22 c.i.f. for Indian coal. The British coal came in at Rs. 19 a ton and it sold on the average Rs. 7 a ton higher than the price of Indian coal and therefore you required a duty of Rs. 10 a ton. You accepted these figures and I don't think you are entitled to go back on that now.

Mr. Purkayastha.—I distinctly remember to have said that it is not exactly our chain of reasoning.

President.—If you require a duty of Rs. 10 a ton against British coal in Bombay, it is as clear as anything can be that you could not begin to enter the export markets with assistance only to the extent of Rs. 3 a ton in competition with British coal. It is a thing which is quite impossible. Therefore it is certain that, if your statement is correct that you can assuredly get back your export markets with the assistance of only Rs. 3 a ton, you don't require a duty of Rs. 10 a ton on British coal at Bombay.

Mr. Purkayastha.—I grant the force of the argument if our competitor in those places were British coal. What we had in view in the export markets was the South African coal.

President.—You had particularly in view South African coal. What I am asking you is about the British coal.

Mr. Purkayastha.—You are asking us what coal would be up against us in the export markets.

President.—Won't the British coal cut out the South African coal if it is Rs. 5 a ton cheaper.

Mr. Purkayastha.—At Colombo very little British coal is landed.

President.—If it is Rs. 5 a ton cheaper, it will be landed in Colombo, won't it? There is far more South African coal than British coal landed in Bombay.

Mr. Purkayastha.—If Colombo is not used to British coal, they would not care to buy it.

President.—What your proposal means is that British coal is better value by Rs. 5 a ton than South African coal.

Mr. Purkayastha.—According to the line of that argument it would lead you to infer that British coal would have been saleable at Colombo in competition with the South African coal, but the fact that it is not so shows that for one reason or other British coal is not competing. What is the use of taking into consideration merely a conceivable position.

President.—I will put only one more question. Are you aware of the fact that India has commercial treaties with various countries which contain a most favoured nation clause?

Mr. Purkayastha.—Only generally.

President.—We have one with Japan for instance. On the other hand these treaties always contain a reservation the Dominion Governments and the British Government will reserve to themselves the right to grant favourable rates to other parts of the British Empire. Do you realise that what the Federation propose is a measure of Imperial Preference with the object of benefiting South Africa? That is what you have proposed.

Mr. Purkayastha.—By imposing these differential duties?

President.—You cannot do it under the commercial treaties except as an act of Imperial Preference. Don't you think it is somewhat startling to have a suggestion that the first measure of Imperial Preference that India takes should be specially designed in favour of South Africa?

Mr. Purkayastha.—To the detriment of British coal, you mean?

President.—When India became a party to these commercial treaties it reserved to itself the right to give favourable rates of duty to the other parts of the British Empire, and it is only under that clause of commercial treaty that you could have a lower rate on South African coal than on other coal. Therefore what you are proposing is an act of Imperial Preference which is intended merely for the benefit of South Africa.

Mr. Purkayastha.—I am afraid I don't follow you.

Mr. Ginwala.—Do you expect in the present state of affairs, the Legislative Assembly to agree to any preference being given to South Africa as compared with the United Kingdom?

Mr. Purkayastha.—I thought that that was the suggestion.

Mr. Ginwala.—Have you ever thought of it? You must remember that the Legislative Assembly is the body which determines the question of protection. You propose to put before it, as the President pointed out to you, a somewhat startling suggestion that you want to give a preference of Rs. 5 a ton to South Africa against Great Britain?

Mr. Purkayastha.—So far as India is concerned, we are debarring both.

President.—You had better think it over as you have not thought of it before. I don't want you to give a reply on the spur of the moment.

Mr. Purkayastha.—We are simply trying to understand the position.

President.—It is a very simple point. Under the clause of the commercial treaties India has undertaken that she will not impose a higher duty, that is to say, on Japanese products than on products of other countries, but in all the commercial treaties that now exist to which India is a party the right is reserved to give lower rates to countries which are part of the Empire. Only under this reservation, as far as I know, could India impose a lower rate of duty on South African coal than she imposes on coal from other countries. I think you had better think it over.*

Mr. Purkayastha.—I was trying to understand the question.

President.—You must endeavour to answer that.

Mr. Ginwala.—I just wanted to know whether any figures are available to show what quantity of different grades of coal are raised.

President.—How much Deshergarh, how much selected Jharia and how much first and second class Jharia? Mr. Ginwala wants to know whether there are any such figures.

Mr. Purkayastha.—It is not possible to give those figures.

Mr. Ginwala.—Do you think it would be very difficult to get them?

Mr. Purkayastha.—It would be very difficult.

Mr. Ginwala.—I wanted to be quite clear about the compulsory grading about which I was asking you. Is it your opinion to-day that you would submit to that if it became necessary?

Mr. Purkayastha.—Yes, in the interests of the trade.

Mr. Ginwala.—I don't care in whose interest. Would you submit to the same restrictions or not?

Mr. Ojha.—Yes.

Mr. Ginwala.—You have been following, I take it, our proceedings in other enquiries and also the attitude adopted by the Legislature and the Government of India in matters of protection. I take it that you know what the policy is.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—First of all the Board must be satisfied that protection would do good to an industry, is not that so?

Mr. Purkayastha.—Yes.

* Statement III, para. 10.

Mr. Ginwala.—That is to say, it should enable the industry to get a higher price than it otherwise would get and so benefit. If the industry is not able to realise that higher price, then protection has failed, is that not so?

Mr. Purkayastha.—That is only one of the conditions.

Mr. Ginwala.—One of the conditions of protection is that it ought to be effective.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—That is to say, there should not be any internal conditions which should prevent it from being effective, is not that so?

Mr. Purkayastha.—The widening of the market itself will be the effect of protection.

Mr. Ginwala.—Just listen to me. I am not trying to lay any trap before you.

Mr. Purkayastha.—I am trying to give a cautious reply.

Mr. Ginwala.—If protection is to be given, it must be effective, that is to say, the industry must get the benefit of protection which should not be neutralised by excessive internal competition. What is the good of giving you protection, if you don't benefit by it.

Mr. Purkayastha.—Yes, internal competition is always a factor.

Mr. Ginwala.—Don't run away from this question, please? Please confine yourself to the question that I am putting to you. If protection is not going to result in the industry obtaining a higher price, is there any good to the industry getting the protection? It is a simple proposition.

Mr. Purkayastha.—It is true.

Mr. Ginwala.—In this case to the extent to which internal competition may neutralise the protective duty, protection would fail, is it not so?

Mr. Purkayastha.—My difficulty is this that in your questions you are presuming things which I cannot grant.

Mr. Ginwala.—I am not presuming anything at all. You yourself granted that even if there was a duty of Rs. 5 a ton on South African coal, you would only get Rs. 2 more a ton.

Mr. Purkayastha.—I do grant that.

Mr. Ginwala.—Supposing you got a protection to the extent of only Rs. 2 you would not benefit by it because prices would not rise.

Mr. Purkayastha.—In the immediate future.

Mr. Ginwala.—If prices have to rise, you recollect that it is the policy of the country that they should not rise in such a way as to cause an undue amount of hardship on the consumer, more hardship than is necessary.

Mr. Purkayastha.—Exactly, the burden on the consumer ought not to be more than what is required in the interests of the trade protected.

Mr. Ginwala.—The President has pointed out to you so often that you claim a duty of Rs. 5 a ton when the price you want to obtain is Rs. 9 a ton at the pithead. The present price being Rs. 6-8-0, a duty of Rs. 2-8-0 to Rs. 3-8-0 would be adequate having regard to the general policy of the country in regard to protection and the necessities of your case?

Mr. Purkayastha.—No.

Mr. Ginwala.—Why.

Mr. Purkayastha.—Because as I say initially the price would not increase very much, but if in the meantime the general level of prices goes up, as I pointed out in reply to the President

Mr. Ginwala.—Don't refer me to the President's question please.

Mr. Purkayastha.—I will take care not to refer. There would not be any immediate rise in price but so soon as there is a rise in the general level of prices, unless there is the higher duty operative, the prices of best grades of coal will not correspondingly rise with the general level of prices.

Mr. Ginwala.—Your argument is that if you wanted only a rise of Rs. 2-8-0 or Rs. 3, you should ask for a duty of Rs. 5 a ton.

Mr. Purkayastha.—That is not my argument. If the duty is less it becomes effective only as regards the best grades of coal.

President.—The point of the Federation is that they want the protection to be effective even if the selected Jharia rises to Rs. 9 a ton at the pithead.

Mr. Ginwala.—You claim a price of Rs. 9 at the pithead for selected Jharia.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—If we were to accept that as the price that you ought to get, we should have to determine, should we not, how you arrived at that price by going much more deeply into the question of cost than we have been able to do so far?

Mr. Purkayastha.—We are presuming that your labour has been much facilitated by the labours of the Coal Committee.

Mr. Ginwala.—I will come to that presently. The Coal Committee found that your costs at Jharia were Rs. 5 a ton.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—But they did not go into the other question whether you should get Rs. 9 a ton, did they?

Mr. Purkayastha.—No.

Mr. Ginwala.—Moreover the finding of the Coal Committee does not help us in the least so far as your selling price is concerned. In order to determine what ought to be your reasonable selling price, would it not be necessary to do a great deal more than what the Coal Committee did?

Mr. Purkayastha.—Probably.

Mr. Ginwala.—That is to say, the enquiry will have to cover the whole of the coal industry, is it not? It will keep us employed for months, may be a year or two before we are able to go into that.

Mr. Purkayastha.—Why should it be so difficult?

Mr. Ginwala.—We want to conduct our enquiry as we think fit.

Mr. Purkayastha.—Then it is no use putting this question to us.

Mr. Ginwala.—I am telling you that in the case of other big industries it took us months.

Mr. Purkayastha.—You are not going into the question of cost of production.

Mr. Ginwala.—I am asking you whether such an enquiry would not be necessary.

Mr. Purkayastha.—I don't think it would be necessary.

Mr. Ginwala.—That is to say, we must take the figure that you give.

Mr. Purkayastha.—Not our figure. We request you to accept the Coal Committee's figure.

Mr. Ginwala.—It is at the other end.

Mr. Purkayastha.—It is at the starting end.

Mr. Ginwala.—I am thinking of the selling price.

Mr. Purkayastha.—There are various grades of coal and the price has got to be graded for the lower grades of coal.

President.—You want a Price Grading Board.

Mr. Purkayastha.—Is not that a common phenomenon?

Mr. Ginwala.—I don't think that you followed our proceedings in our previous enquiries because if you had followed them, you would not give an answer like that at all.

Mr. Purkayastha.—My point is that this gradation of price is a common phenomenon in the trade.

Mr. Ginwala.—We do not know whether it is so or not. We do not know what price is a reasonable price for you to get in order to make profit and sell.

Mr. Purkayastha.—All that is necessary is to see that the prices correspond to the different kinds or qualities of coal.

Mr. Ginwala.—That enquiry would keep us busy as I pointed out to you for months to come and the net result of that would be, if we decided to give protection, to give you a further market varying between 300,000 to 500,000 tons. Is not that so?

Mr. Purkayastha.—Yes, as far as India is concerned.

Mr. Ginwala.—Do you think that we should embark on such an enquiry in order to find out whether Rs. 9 that you have proposed is a reasonable price or not?

Mr. Purkayastha.—I can only repeat what I said. The raising cost being taken for granted—if you care to take it for granted—the rest is only to determine what are the various differences between the best coal and the marginal grades in a normal market.

Mr. Ginwala.—I am afraid we are not prepared to follow that procedure.

Mr. Purkayastha.—It is very unfortunate for us.

Mr. Ginwala.—Have you studied the proposals of the Indian Mining Association?

Mr. Purkayastha.—No.

Mr. Ginwala.—You have not seen them.

Mr. Purkayastha.—No.

Mr. Ginwala.—They think that a duty of Rs. 1-8-0 per ton would enable them to displace the South African coal from the Bombay market. They don't claim Rs. 5 or anything like that.

Mr. Purkayastha.—They have reasons for thinking so.

Mr. Ginwala.—Do you think that they don't know what they are talking about?

Mr. Purkayastha.—I don't suggest that. If you ask me to comment on that, I can.

Mr. Ginwala.—Yes, briefly please explain to me why there is such a big difference.

Mr. Purkayastha.—Firstly, they are taking a little too optimistic a view. Secondly, they are referring only to the best grades of coal. As you will find from our calculations we have also arrived at the figure of Rs. 2 a ton, and then by the application of the marginal theory

Mr. Ginwala.—Don't talk of any theory here.

Mr. Purkayastha.—I am not theorising. Lodna is a first class coal. With a duty of Rs. 2 a ton, it is only the best Jharia that can compete.

Mr. Mukherji.—The Mining Association represent generally the interest of first class collieries and they think that it will be sufficient if they get a duty of Rs. 2 a ton. We generally represent the interests of second class coal and we have to arrive at what would be a reasonable figure.

Mr. Ginwala.—That is a very reasonable answer. So far as their coal is concerned, it is first class coal and they can do with a duty of Rs. 1-8-0.

Mr. Purkayastha.—Yes, that is what I said.

Mr. Ginwala.—Excuse me, you did not. So far as you are concerned, you represent the inferior coal.

Mr. Ojha.—Yes, inferior to the quality that they represent.

Mr. Ginwala.—And therefore you want a duty of Rs. 5 a ton.

Mr. Purkayastha.—Yes.

Mr. Ginwala.—Are we not going back to the same position as we were on Thursday? The kind of coal that can compete in Bombay against the South African coal is first class coal.

Mr. Purkayastha.—This is the immediate position, but we are aiming at a position when all classes of coal will be saleable at Bombay.

Mr. Ginwala.—There is no objection to your making such a proposal. All the evidence we have taken and all the evidence which the Coal Committee took tend to show that the only coal that stands a reasonable chance in the present condition of the market in Bombay or any other place is only first class coal.

Mr. Purkayastha.—Only initially. In Bombay they are also buying the Witbank coal.

Mr. Ginwala.—If they are buying what complaint have you?

Mr. Ojha.—They are not buying Indian coal, but they are buying the inferior foreign coal.

Mr. Ginwala.—They may be doing so. I don't say they are not. That is not the point. I quite see that your position is that the national interests now require that not only first class coal ought to find a market in Bombay and other ports but that it should also be made possible for the second class coal to get into those markets.

Mr. Purkayastha.—They did find a market. That is not a new development that we are suggesting.

Mr. Ginwala.—I don't care whether they did or not. They have not got it now and you want to get the market back.

Mr. Purkayastha.—Exactly.

Mr. Ginwala.—And you think that second class coal can reasonably bear the same amount of freight as first class coal as well as the duty. Do you consider that second class coal can reasonably carry the same amount of freight as first class coal and the same proportion at rise in price owing to the rise in the duty?

Mr. Purkayastha.—Yes, because the cost of transport is the same. Only the intrinsic cost of coal is less.

Mr. Ginwala.—Which is less?

Mr. Purkayastha.—The cost of inferior coal is less. In order to make it saleable and in order to induce the buyer to buy both first and second class coal there is the difference in burning value. The transport charge being the same, it is assumed that second class coal at a distant centre will be at a greater disadvantage than at the pithead.

President.—Is it not a fact that the longer the distance the greater will be the difficulty for second class coal to compete?

Mr. Purkayastha.—I grant that. But it is open to them to lower the price and get the market.

Mr. Ginwala.—In that case I don't see what good the duty is going to do

Mr. Purkayastha.—Better price than to-day.

Dr. Matthai.—Suppose we decide to levy a duty which is much lower than the duty that you have proposed, e.g., Rs. 1-8-0 as the Mining Association have proposed, do you think that there is a possibility that the South African coal will not rise to the extent of that duty?

Mr. Purkayastha.—I think so.

Dr. Matthai.—So the dilemma is this. If the duty is to be effective for the purpose of excluding the South African coal, it has got to be fairly high.

Mr. Purkayastha.—Yes.

Dr. Matthai.—If it is not high, you would, rather not have the duty at all.

Mr. Purkayastha.—No, not at all.

Dr. Matthai.—Supposing we offered you Rs. 1-8-0.

Mr. Purkayastha.—It would not suit us at all.

Dr. Matthai.—You would rather tell us not to take any action.

Mr. Purkayastha.—It would not suit us at all.

Mr. Ojha.—I may point out here that, as far as South Africa is concerned, they not only may go down to that extent but that they can go down to any extent as they did in the past. They used to get bounty to the extent of 18 shillings, but now it has been reduced.

President.—They might reduce the bounty not by raising the freight on export coal but by reducing the freight on ordinary coal.

Mr. Ojha.—They have done that.

Dr. Matthai.—Supposing I took the line that on the general grounds mentioned by the Fiscal Commission, you had no case for protection, would you ask for protection on the ground that there is this bounty, and it calls for a countervailing duty? Would you put forward this ground?

Mr. Purkayastha.—We did.

Dr. Matthai.—Even now, would you?

Mr. Purkayastha.—Yes, the question is justified perfectly on principle.

Dr. Matthai.—Then, I should like to ask you one or two questions about that. Have you examined the text of any anti-dumping law, Canadian or any other?

Mr. Purkayastha.—No.

Dr. Matthai.—I find that in most anti-dumping laws they make a specific point of this. The mere fact that there is a bounty is not in itself a ground for action, and ground for action will arise if the bounty really and actually operates so as to damage you.

Mr. Purkayastha.—I follow.

Dr. Matthai.—When we speak of actual damage, the view I am inclined to take is that it has got to be measured in terms of the net railway freight which they pay as compared with the freight you pay here.

Mr. Purkayastha.—I am afraid we cannot accept that position.

Dr. Matthai.—How do you meet it?

Mr. Purkayastha.—In comparing the freights, are you taking into consideration the freight payable per ton per mile?

Dr. Matthai.—I am not talking of the freight per mile. The thing that really matters is the actual amount that you pay per ton, the actual charge that you incur above raising cost. The rate per mile is a purely hypothetical consideration. If the actual railway freight per ton which the South African coal pays in the aggregate is not lower than yours, you have not suffered any damage. Do you see my point?

Mr. Purkayastha.—No, but if there has not been this bounty, their price would have been higher. I understand that rebate is deliberately meant to injure me.

Dr. Matthai.—I was looking the other day into a Board of Trade Review of economic conditions in South Africa which is quite a recent report. They suggest that in the past few years railway conditions have enormously improved in South Africa. As a result of this great improvement in railway finance, it is conceivable that the South African Railways might bring down their general freight rate, so that there would be no difference between the general freight and the freight on export cargo. In that case your position would not be any better but the rebate would have disappeared.

Mr. Purkayastha.—Do you mean if the South African coal is paying the same freight for all purposes?

Dr. Matthai.—Supposing there is no difference between the rate for export coal and the internal rate.

Mr. Purkayastha.—There is no rebate operating?

Dr. Matthai.—My point is that in that case your ground for protection which is simply technical will have disappeared.

Mr. Ojha.—You may take it in any way you like. This is not the practice?

Dr. Matthai.—Have you followed the course of these rebate rates in South Africa?

Mr. Purkayastha.—They are continually going down.

Dr. Matthai.—The rebate was first introduced in South Africa probably somewhere about 1913.

Mr. Purkayastha.—This is what Mr. Chadwick says presiding over a conference held on 23rd August 1923. "Before January 1st, 1922, the rebate used to be 18s. 2d." He does not give the starting point.

Dr. Matthai.—That does not help me. It was much earlier than that.

Mr. Purkayastha.—We cannot contradict that.

Dr. Matthai.—Supposing the facts are these. Just before the war the rebate was somewhere about 5s. 8d. and about the time you were referring to it went up to 18 shillings. From that point it has been steadily coming down. It is now over 7 shillings. At the time when the South African competition became a real menace, the rebate was somewhere about 18 shillings. The rebate they now get is practically the same as the rebate they had before the competition became a menace to your trade. That rather helps my point that the actual damage done by the rebate is not much.

Mr. Purkayastha.—So long as there is a rebate, so long as a special concession is made for export to compete successfully in the overseas markets, I think the objection remains.

Dr. Matthai.—Anti-dumping legislation does not generally accept your principle.

Mr. Purkayastha.—I see the point that unless it damages there is no case for action.

Dr. Matthai.—South Africa may give any kind of special privileges. The mere fact that the special privilege is there does not help you. You must prove to our satisfaction that it damages you in terms of rupees, annas and pies.

Mr. Purkayastha.—It does damage us.

Dr. Matthai.—The damage arises from other circumstances. The damage does not arise from the rebate. I am prepared to say that the lower sea freight damages you, but that is a different circumstance altogether. If you are going to base your case on the ground of lower sea freight, we have to look at it from a different point of view. If the bounty does not damage you, you have no case for a countervailing duty.

Mr. Purkayastha.—The best way of finding out whether there is dumping or not is to see whether different rates are not charged for internal consumption and export.

Dr. Matthai.—It does not help me. If you would think the matter over and send us a considered statement, I should be very grateful.*

Mr. Purkayastha.—Would it be a pertinent point to enquire whether South Africa charges differential rates for export trade and internal trade.

Dr. Matthai.—I don't question that.

Supposing we come to the conclusion that there is no case for action as far as British coal is concerned and it is simply a question of levying a duty on South African coal, that necessarily means that you are singling out one country for tariff action. That at once raises the issue of retaliation by means of tariffs. We are paving the way for a tariff war if we single out South Africa and levy a duty against a commodity coming from that country. I am not a conscientious objector in regard to tariff wars. I am prepared to face the possibility, but you have to make out an extraordinarily strong case. Have you examined the trade relations between South Africa and India?

Mr. Purkayastha.—I suppose the whole discussion would lead to political issues.

Mr. Ojha.—I don't think South Africa will be the only country affected by this.

* Statement III, para. 9.

Dr. Matthai.—If there is a strong case for protection of Indian coal, I am prepared to face retaliation. The case for protection must be strong.

Mr. Purkayastha.—The question is that when the offensive comes from South Africa there must be a defensive measure for protecting the Indian industry.

Dr. Matthai.—They may not take that line. Their answer would be that this rebate is purely a railway proposition.

Mr. Ojha.—They are 300 to 400 miles from the ports and they give 18 shillings rebate. Can that be a railway proposition?

Mr. Purkayastha.—They may give it whatever name they like, but it is against us.

President.—There is one more point. In answer to Question 44 you say “The Committee would confess that they have no definite information yet to say that the rate of rebate is higher than the rate of 7s. 9d. per South African ton.” It is certain that the rate of rebate is not more than what it was. There are two ways in which the rebate can be reduced, one by raising the railway freight on export coal and the other by reducing the freight on ordinary coal. The ordinary freight for coal for internal consumption may come down, and if the freight on export coal remains the same the amount of the rebate is reduced at once.

Mr. Purkayastha.—Yes.

Witness No. 2.

INDIAN MINING ASSOCIATION.

A.—WRITTEN.

Statement I.—Letter dated 20th November 1925.

I am directed by the Committee to acknowledge the receipt of your letter No. 629, dated 6th November 1925, and to thank you for the six copies of the pamphlet which you forwarded. I have also to thank you for your letter No. 649, dated 10th November 1925, and to say that the 30th November 1925 at 11 A.M. will suit the convenience of the Chairman of this Association to give oral evidence on behalf of the Association.

It has been noted from your letter No. 629, dated 6th November 1925, that answers from this Association were desired to all the questions in the first section of the questionnaire reproduced in your pamphlet, with the exception of questions 16 to 24, and that you wish these answers to be lodged with you by the 20th November 1925.

Under directions from the Committee I now have pleasure in sending you seven copies of each of the following papers:—

- (a) Circular No. 123-R., dated 6th November 1925, publishing copy of a memorandum containing this Association Committee's views on the subject of the proposed protective duty on imported coal.
- (b) Circular No. 126-R., dated 17th November 1925, setting out, in convenient form, your Board's questionnaire as it appeared in your pamphlet, with replies by the Committee against each question they were asked to deal with.

It is hoped that these papers will place this Association Committee's views clearly before your Board and that these views will receive due consideration.

Enclosure I.

INDIAN MINING ASSOCIATION.

ROYAL EXCHANGE,
Calcutta, 6th November 1925.

Circular No. 123-R.

To

(ALL MEMBERS OF THE ASSOCIATION.)

DEAR SIRS,

Proposed protective duty on imported coal.

I am directed to publish for the information of members, the subjoined copy of a memorandum setting forth the views which the Committee of the Association have decided to send to the Tariff Board on the above subject on the 14th November 1925.

Any members wishing to submit independent views or to give evidence before the Board are, of course, fully entitled to do so if desired.

Yours faithfully,
A. C. DANIEL,
Actg. Asstt. Secretary.

MEMORANDUM.

In accordance with a statement made in the Legislative Assembly on March 15th last, the Government of India have decided to refer to the Tariff Board for investigation the question whether a protective duty should be imposed on imported coal generally or on coal imported from any particular country or countries, and, if so, at what rates.

The Indian Mining Federation were invited to submit a statement and they have done so. Representations from other bodies having been invited, the Committee of the Indian Mining Association have considered the question and now publish the following statement for the information of members.

A revenue import duty of 8 annas per ton has been in force since 1916, and the Indian Mining Federation suggested a few years ago that this should be raised to Rs. 5 per ton. As will be seen from their published proposals, they are still strong advocates of a protective Import Duty, amounting to Rs. 5 per ton on Natal and Transvaal Coal; Rs. 10 per ton on all other coal imported; and half-an-anna per gallon on mineral oil imported into India which would be utilized towards giving a bounty of Rs. 3 per ton on Indian Coal exported to any foreign port.

The Indian Fiscal Commission 1921-22 singled out coal as a commodity requiring special mention, and after pointing out the disabilities, under which the coal trade in India was suffering, came to the conclusion that no measure of protection would bring prosperity. They thought the cure was to be found in a rapid development of railway facilities, and they not only concluded that there should be no import duty on coal, but recommended that the present revenue import duty of 8 annas per ton should be removed at the earliest opportunity.

The Committee of the Indian Mining Association wrote to the Secretary of the Government of India (Department of Commerce), in October 1922 entirely disagreeing with the Fiscal Commission's recommendation regarding the import duty of 8 annas per ton, saying that in their opinion the present duty should not only be retained but substantially increased. They requested that some substantial extra protection should be afforded to the Indian Coal Industry "at the present time" in order materially to help its development without raising to any large extent the price which consumers will have to pay for the commodity.

At that time, it may be noted, steamer freight to Bombay was Rs. 12-8 per ton, against Rs. 6-8 to-day, and the price of coal Rs. 10 and more per ton, against Rs. 6-8, a difference of Rs. 9-8 per ton, taking the two together, which alters the situation materially.

The imports for the last 3½ years have been :—

	Tons.
1922-23	881,810
1923-24	591,968
1924-25	448,032
April to September 1925 (6 months)	218,903

the details being as follows:—

	Twelve months 1st April to 31st March.			Six months April/Sept.
	1922-23.	1923-24.	1924-25.	1925.
	Tons.	Tons.	Tons.	Tons.
COAL—				
From United Kingdom	496,518	79,056	107,780	63,545.
Japan	38,161	705	2,794	...
Union of South Africa	253,729	273,658	201,763	57,743
Portuguese East Africa	34,397	169,272	118,115	86,283.
Australia and New Zealand	23,857	61,074	13,871	...
Other Countries	35,148	8,203	3,709	11,332
TOTAL	881,810	591,968	448,032	218,503
COKE	27,077	22,332	34,632	13,389
Total of Coal and Coke	908,887	614,300	482,664	232,292
SHARE OF COAL AND COKE—				
Bengal	26,688	3,066	1,962	1,177
Bombay	631,514	376,057	290,417	140,814
Sind	92,176	89,560	107,512	49,366
Madras	59,516	69,177	32,699	10,808.
Burma	98,993	76,440	50,074	30,127
TOTAL	908,887	614,300	482,664	232,292

A detailed statement* of imports of coal (other than Indian) into Burma, Madras, Bombay and Karachi is attached. Summarised, the figures are as follows:—

	Into Burma.	Into Madras.	Into Bombay.	Into Karachi.
1921-22	208,731	86,197	1,116,198	63,947
1922-23	85,819	57,564	620,925	91,255
1923-24	57,469	67,203	375,092	89,188
April 1924 to end of December	7,684	27,332	182,784	75,127

The detailed statement shows that the principal imports have been from the United Kingdom and South Africa. The figures bring out very clearly

* See Appendix.

the fact that imports have declined considerably. Imported coal does not seriously compete with Indian in Burma and Madras—Colombo is outside the scope of the enquiry—and therefore the only ports that call for consideration are Bombay and Karachi.

It may further be said, on the figures, that the only imported Coal that need be considered at present is South African, of which the imports into India were:—

	Tons.
In 1921	463,523
1922	393,156
1923	397,735
1924	326,678

principally, of course, into Bombay.

The Committee are agreed that Imports of Coal from South Africa to India must be shut out, if at all possible. At present, however, it is not very clear what advantages South Africa enjoys except a lower raising cost, and some advantage owing to a 1s. 6d. exchange, that make it impossible for us to compete. The quality of Transvaal Coal is much the same as Bengal. Natal is, however, reputed to be 10 per cent. better. Steamer freight from South Africa to Bombay is, so the Committees are informed, 10s. per ton. This compared with Rs. 6-8 Calcutta to Bombay—practically the same.

Railway freight to port of shipment is as follows:—

	Rs. A. P.
Witbank to Delagoa Bay 276 miles after rebates have been taken into account.	
Exchange at 1s. 6d.	
2,240 lbs.	4 4 5
Hattingspruit to Point (Durban) 241 miles.	
Ditto ditto	4 3 6
From Jherriah to Docks net	3 8 6
From Asansol to Docks net	2 14 0
From Raneegunge to Docks net	2 10 3

Indian railway freight to port of shipment is therefore lower, and will be more so when the shipment of graded Coal starts and we get the further rebate.

Shipping Charges, Insurance, Wastage and Agents are, or should be, much the same whether for Indian or South African coals.

South African coal is at the disadvantage at present of having to pay an Import Duty of 8 annas per ton.

A rough comparison of the items making up a cargo sold at Rs. 18 per ton c.i.f. Bombay would be as follows:—

C. I. & F. Price—Bombay.		
	Pengal Coal. Rs. A. P.	African Coal. Rs. A. P.
*Railway freight to port of shipment (net)	3 8 6	4 3 5
Loading	0 8 0	
*River Dues	0 8 0	
Insurance	0 4 0	Assumed to be the same, viz.
Wastage	0 4 0	
Agents	0 4 0	
Steamer freight (October 1925)	6 8 0 (10s.)	6 8 0
Coal	6 3 6	5 8 7
TOTAL	18 0 0	18 0 0

* On graded coal, there will shortly be a reduction of As. 8 per ton on railway freight and As. 4 per ton on river dues.

In these circumstances, what reasons have we for supporting an increase in the Import Duty? With exchange at 1s. 6d., South African coal, bought and paid for in sterling, is at an advantage of some 12½ per cent. over Indian coal paid for in rupees. On the other hand, we have lower Railway freight to the point of shipment, and can usually reckon on an equivalent or lower rate of steamer freight than from Africa. South African coal is at a disadvantage of -10/11 in the net result to the colliery, but without admitting its accuracy, it is thought in some quarters, to have an advantage of Rs. 2 per ton (Natal coal at any rate) in the quality, *i.e.*, at equal prices the buyer would prefer Natal. Therefore an Import Duty would mean, that if the buyer should still elect to take South African coal, the Government would benefit but the Coal Trade would not, or that the Bombay buyer would be obliged to take Indian coal (which is thought by some to be 10 per cent. inferior to Natal) probably at a price just below that at which Natal coal could be imported, *plus* the Import Duty. Competition between Indian suppliers might, and probably would, keep this price down.

The Committee's view is that it is not advisable to raise the price of coal artificially in Bombay, as it drives consumers to use other forms of power. The Millowners' Association have already pointed out that there has been a very great decrease in the demand for both Indian and foreign coal owing to the fact that at least 50 per cent. of the Cotton Mills and many other large industrial establishments have already changed over from steam to electric drive, and 25 per cent. of the remaining mills now use oil fuel in preference to coal—the chief reason for this change-over being the lower cost.

In four years the liquid fuel imports to Bombay increased from 88,417 tons to 195,070 tons and liquid fuel bunkers from 8,195 tons to 39,513 tons.

And the G. I. P. Railway, by means of electrification and oil-burning hope to get a total reduction in their consumption of Bengal coal of 239,000 tons a year.

Another point is that shutting-out South African coal from Bombay is most likely to drive it to Colombo, and make its competition there in a market Indian coal is trying to regain keener than ever.

The grounds on which the Indian Mining Association might fairly ask for a discriminating Import Duty against South Africa are that, by reason of their easily-worked coal and consequent lower raising costs, they can, and, in fact, do, dump their surplus risings into India. This market is not the natural one for Africa, and if the Government of India wish to foster the Indian Coal Industry, recognizing that it is in special need of support at present, they might retain the present revenue Import Duty of 8 annas and impose a protective duty on imported Coal generally to the extent of Re. 1-8 per ton. Indian coal would then have the following advantages:—

	Rs. A. P.
The extra railway rebate on graded coal	0 8 0
The present difference in Railway freight over South Africa	0 10 11
The present Import Duty	0 8 0
The proposed increased Import Duty	1 8 0
TOTAL	3 2 11

which more than makes up for any advantage Natal coal enjoys in the matter of quality.

If the Import Duty is applied to all Coal there is no certainty that the present South African imports would be entirely replaced by Indian coal. With cheap steamer freight from the United Kingdom and better quality coal, there is the possibility that some of it, at any rate, would be coal from the United Kingdom.

Our aim is to keep out of India the 300,000 tons of African coal now imported and to replace it by the same quantity of Indian, and to send this quantity, if possible, by sea through the Kidderpore Docks.

At the same time, it is only the large collieries that can make shipments of 6,000 tons at a time; moreover, there is no certainty that steamer freights Calcutta—Bombay will remain at their present low level (though of course, if they improved, freights from South Africa might do likewise). There is no reason why the smaller collieries raising the first class coal should not participate in the Bombay business and it is therefore suggested that serious consideration should be given to the Indian Mining Association's suggestion to give a special rebate on coal sent by rail to Bombay. It could, if necessary, be confined to *graded* coal. (Note—any quality can be graded, the buyer thus knowing exactly what he is getting). It is not proposed that the whole of the 300,000 tons should be sent by rail—that would only lead to congestion and a wagon shortage on this side of India. The present Railway freight to Bombay is Rs. 15-6 per ton—the Indian Mining Association have already asked for a special rebate of Rs. 2-6 per ton—but this may not be sufficient, and it would be of great assistance to the Indian Coal Industry in keeping out foreign coal if the Railways, by means of a rebate, brought the railway freight to Bombay down to the pre-war figure of Rs. 11-4 per ton.

The situation would then be as follows:—

	Present rate.			Pre-war rate.		
	Rs. A. P.			Rs. A. P.		
By rail—						
Collieries to Bombay	15	6	0	11	4	0
Coal	6	4	0	6	4	0
	<hr/>			<hr/>		
TOTAL	21	10	0	17	8	0
	<hr/>			<hr/>		

In so reducing their railway freight to the pre-war level, the Railways would be doing no more than the Coal Industry has already done. The Railways generally will save very considerable sums on their Coal Bills for 1926-27 as compared with 1925-26; moreover, the Committee consider they should co-operate with the coal trade in securing all the business possible in the Bombay market.

The questions which the Tariff Board are to investigate are:—

1. Whether a protective duty should be imposed on imported coal generally.
2. Or, on coal imported from any particular country or countries.
3. If so, at what rates.

And the answer of the Committee to the foregoing questions is:—

The Committee are in favour of imposing a protective duty on imported coal generally, to the extent of Re. 1-8 per ton, the existing revenue import duty of 8 annas per ton to remain unchanged.

APPENDIX I.

Imports of Coal (other than Indian).

	United King- dom.	South Africa.	Portu- guese E. Africa.	Austral- ia.	Japan.	Other Coun- tries.	Total Other Coal.
INTO BURMA—							
1921-22	59,573	...	83,812	24,242	37,491	3,613	208,731
1922-23	40,604	12,888	21,097	4,018	5,937	1,275	85,819
1923-24	1,811	26,901	15,358	6,970	430	5,999	57,469
April 1924 to end of December	3,117	2,978	...	1,342	187	60	7,684
INTO MADRAS—							
1921-22	24,191	19,905	42,101	...	...	...	86,197
1922-23	14,603	39,549	...	150	3,252	10	57,564
1923-24	14,463	27,415	13,914	11,411	...	...	67,203
April 1924 to end of December	11,727	9,289	58	6,242	...	16	27,332
INTO BOMBAY—							
1921-22	564,150	311,555	132,059	62,683	45,651	100	1,116,198
1922-23	372,815	186,952	12,597	19,689	28,772	100	620,925
1923-24	45,005	197,890	98,235	32,220	275	1,467	375,092
April 1924 to end of December	46,737	76,121	53,329	3,432	2,117	1,048	182,784
INTO KARACHI—							
1921-22	45,476	8,171	10,300	...	...	...	63,947
1922-23	45,606	37,635	7,984	...	...	...	91,255
1923-24	16,793	21,452	41,765	9,118	...	60	89,188
April 1924 to end of December	15,680	24,552	34,820	...	...	75	75,127

APPENDIX II.

Imports of Coal.

	INTO BURMA.		INTO MADRAS.		INTO BOMBAY.		INTO KARACHI.	
	Indian Coal.	Other Coal.	Indian Coal.	Other Coal.	Indian Coal.	Other Coal.	Indian Coal.	Other Coal.
1921-22	360,705	208,731	332,997	86,197	348,416	1,116,198	10,300	63,947
1922-23	331,530	85,819	333,997	57,564	89,289	620,925	7,984	91,255
1923-24	503,204	57,469	211,990	67,203	126,065	375,092	41,765	89,188
April 1924 to end of December	281,090	7,684	250,551	27,332	174,355	182,784	34,820	75,127

Enclosure II.

INDIAN MINING ASSOCIATION.

ROYAL EXCHANGE,

Calcutta, 17th November 1925.

Circular No. 126-R.

To

(ALL MEMBERS OF THE ASSOCIATION).

DEAR SIRs,

Proposed protective duty on imported coal.

With reference to my circular No. 123-R., dated 6th November 1925, which published a copy of a memorandum setting forth the views which the Committee of this Association had decided to send to the Tariff Board on the above subject, I have now to direct the attention of members to the subjoined copy of a letter dated 6th November 1925 which has been received from the Tariff Board on this same subject.

There is attached to this circular a print setting out in convenient form the Tariff Board's questionnaire as it appeared in the pamphlet which accompanied their letter, and against each question will be seen the reply which the Association Committee propose to make.

As these questions and answers will be sent to the Tariff Board on the 20th November 1925, any comments received from members before that date will be considered. Any members who intend to record separate views on the points raised in the questionnaire are invited to endorse to me a copy of their written opinion to the Tariff Board.

Yours faithfully,

A. C. DANIEL,

*Actg. Asstt. Secretary.**Accompaniments:—*(1) Copy letter.

(2) Sheet of questions and answers.

No. 629, dated Calcutta, the 6th November 1925.

From—The SECRETARY, Tariff Board,

To—The SECRETARY, Indian Mining Association.

In continuation of my letter No. 568, dated the 13th October 1925, I am directed to enclose six copies of a pamphlet containing the Memorandum of the Indian Mining Federation making certain proposals, together with the Board's questionnaire and a Press Communiqué. As stated in the communiqué the Board will not consider the proposals to grant a bounty on exported coal and to impose a protective duty on fuel oil, but will confine their enquiry to the question whether protective duties should be imposed on coal. The pamphlet is on sale and copies can be obtained from the Manager, Government of India, Central Publication Branch, Calcutta, price annas two.

2 The Board would be glad to receive from the Association answers to all the questions in the first section of the questionnaire, except Nos. 16 and 24, and also to those in the second and fourth sections. The replies should reach the Board not later than the 20th November and in that case the oral examination of the representatives of the Association could commence on Thursday,

the 26th November. The Board would prefer to have before them the answers to all the questions before the oral evidence begins, but if the compilation of the figures asked for in questions 25 to 32 cannot be completed by the 20th November, the answers to the other questions should nevertheless be sent in, so that the oral examination can proceed. The representatives of the Association could no doubt appear again on a later date if the Board desired oral evidence regarding the answers to questions 25 to 32. I am to ask that six spare copies of the answers may be sent.

3. I am to add that if the Association desire to supplement their answers to the questionnaire by a written representation of a more general kind, they are quite at liberty to do so.

Accompaniment to Indian Mining Association Circular No. 126-R., dated 17th November 1925.

Questionnaire.

SECTION I.

GENERAL QUESTIONS.

1. What are the chief causes of the fall in the price of coal in India since 1923? If the areas to which foreign coal penetrates (*i.e.*, for practical purposes the areas dependent on the ports of Rangoon, Madras, Bombay and Karachi) are excluded, how far is it correct to say that the present low level of prices is due mainly to internal competition between the Indian mines, and to an increase in their productive capacity unaccompanied by an equivalent increase in the demand?

1. The chief causes in the fall in the price of Coal in India since 1923 are—

1. Industrial and trade depression.
2. Over-production in India.
3. The rapidly increasing raisings of Railway and State-owned Collieries.

The published statistics show that the average production of Coal in India was—

	tons.
1916—20	19,356,000
and in 1923	19,656,883

whereas the production in 1924 was 21,176,606 tons. Coming on to a market which could not absorb it, this extra quantity in 1924 accelerated in fall in prices.

There has been no increase in the demand for coal and the competition between Indian Colliery Owners has been an important factor in bringing down prices to their present level.

2. In paragraph 9 of their memorandum the Mining Federation express the view that, in the matter of Railway transport, "the position has very remarkably improved" since the Fiscal Commission reported. Do you accept this view?

2. The Fiscal Commission reported in 1922, but the improvement in transport conditions did not begin then.

Working under improved conditions, the Railways have made serious efforts in recent years to cope with the coal traffic. The results began to be apparent towards the end of 1924, and the wagon supplies to the collieries throughout 1925 have been better than for very many years past. Collieries have, in fact, usually been able to obtain full supplies on indent.

3. If the answer to question 2 is in the affirmative, do you consider that the improvement in transport conditions has contributed to the fall in price by increasing the quantity of coal effectively on the market?

3. Not to any large extent, but improved transport conditions have been a contributing factor.

Better wagon supplies have helped to make prices more even.

4. What are the approximate c.i.f. prices at Rangoon, Madras, Bombay and Karachi of—

(a) Natal coal,

(b) Transvaal coal,

(c) British coal,

(d) Any other imported coal which competes seriously with Indian coal at these ports.

If the imports from any country consist of coal of different classes and qualities, the lowest and highest prices should be given.

4. Natal Coal. Transvaal Coal. British Coal.

Approximate prices—

c.i.f. Rangoon }	Rs. 18	Rs. 17	Rs. 18 to 19
Madras }	(nominal).	(nominal)	(nominal).
Bombay }	18	17	Rs. 18-8-0
Karachi }			North Country.

No other imported coal seriously competes with Indian coal at these ports at present.

5. Is it the case that Natal coal is on the whole superior in quality to Transvaal coal and commands in general a higher price?

5. Yes. The analyses published by the South Africa Coal Commission shows that to be so.

6. In paragraph 18 of their Memorandum the Mining Federation express the view that in Bombay "generally speaking the British coal is sold Rs. 5 to Rs. 10 a ton higher than best Indian coal." Do you accept this view, and if so what classes of British coal command prices exceeding the prices of the best Indian coal by Rs. 10 and Rs. 5, respectively?

6. Yes, but Welsh coal would probably sell in Bombay at 37s. 6d. c.i.f.= Rs. 25 per ton, which is about Rs. 7 per ton above Indian.

7. In the same paragraph the Federation say:—

"Recently, however, some North Country low-priced British coal has also been landed at Bombay and offered as low as Rs. 19 a ton c.i.f."

Has any considerable quantity of this class of coal been imported into Bombay in the past, and is it possible to determine by what amount the price obtainable for such coal would ordinarily exceed the price of the best Indian coal?

7. No. North Country coal only forms a small proportion of the imports from the United Kingdom amounting to about 100,000 tons annually. The last reported price was—Rs. 18-8-0 per ton c.i.f. Bombay for Davidsons Cowpen and West Hartley, both Durham coals.

8. The steamer freight on coal from South Africa to Bombay in January 1925 is given on page 102 of the Coal Committee's Report as 12 shillings a ton which is equivalent to Rs. 8 a ton with the exchange at 1s. 6d. May this figure still be taken as correct?

8. No, according to our latest advices, the steamer freight from South Africa to Bombay is about 10s. 0d. per ton, which is equivalent to Rs. 6.66 with exchange at 1s. 6d.

This rate may be taken as being obtainable for a year to any Indian port, as well as Colombo, Singapore and Sabang.

9. What is the steamer freight on coal from British ports to Bombay at present?

9. Steamer freight at present British ports to Bombay is 12s. 9d.

10. The Coal Committee in paragraph 33 of their Report expressed the view that Indian coal would sell in Bombay at a price about 8 annas a ton cheaper than the cheapest Transvaal coal. Do you accept this view as true of the best grade of Jharia coal? If not, how would the price of the best Jharia compare with the price of the cheapest Transvaal coal?

10. The Coal Committee were working on the basis of steamer freight Calcutta to Bombay at Rs. 8-4-0. It has since fallen to Rs. 6-8-0.

We are of opinion that the best grades of Jharia coal can more than hold their own with Transvaal coal.

When the Coal Committee were dealing with the matter, they took the view that Indian Coal would have to be offered at lower prices than South African for a time in order to regain the export business.

11. In the same paragraph the Committee ascribe the lower price of Indian coal in Bombay to "a prejudice not against Indian coal as such but against the exporters of it; so the Bombay importer has to be convinced not that there are good Indian coals, but that he can be certain of getting them." Do you agree that the prejudice exists?

11. Yes. A full wagon supply (which the coal trade has not enjoyed for many years till 1925) will enable shipments to be drawn from the most suitable Collieries, and the establishment of the Grading Board will also be of assistance in maintaining quality.

12. If your answer to question 11 is in the affirmative, do you consider that the prejudice referred to operates to reduce the price of the best Indian coal in Bombay, and if so by what amount?

12. The Bombay buyer considers Natal Coal to be better than Indian by 10 per cent., roughly Rs. 2 per ton.

13. If your answer to question 11 is in the affirmative, do you consider that the prejudice referred to is justified by the condition and quality of the Indian coal actually sent to Bombay in recent years?

13. Several cargoes of "mixed" inferior Coals which were shipped in the early days of the post-war period might have helped to create this prejudice. At this time, anybody—whether a Colliery owner or not—who wished to ship coal was granted a licence, no check being put on quality. In this connection, the difficult conditions under which ships were loaded in past years by reason of the uncertain and short wagon supply must receive serious consideration.

14. In paragraph 34 of their Report the Coal Committee say that at Karachi "witnesses stated generally that South African coal at the same price is much better value than Indian." Do you agree that this is in fact the view of consumers at Karachi?

14. Yes, the Evidence of witnesses before the Coal Committee shows that it was, at that time. The evidence was—

One witness:—

Natal Grade A.—8 to 10 per cent. less effective than Welsh for steam keeping properties in ocean-going steamers.

Transvaal Grade A.—12 to 16 per cent. less effective than Welsh for steam keeping properties in ocean-going steamers.

Indian (best Bengal)—20 to 30 per cent. less effective than Welsh for steam keeping properties in ocean-going steamers.

"My firm is now handling practically no Indian coal because our buyers find that the coal from other countries is more satisfactory, taking the price and the quality together."

Another witness:—

“When the Coal used to come by rail from Bengal to Karachi it was all satisfactory I used to know where the coal was coming from.....”

Owners are so shy of Bengal coal that they are willing to pay Re. 1 more for Natal coal than they will for Bengal; that is because the quality of Natal coal is uniform. But when the difference between the two coals becomes very large they will certainly go back to Bengal coal.”

Another witness:—

“We consider that if real, genuine first class Indian coal were supplied, it would be perhaps 10/15 per cent. inferior to Welsh and fairly well up to the level of North Country Coal. It would certainly not be inferior to South African fuels some of which is not fit enough even for filling in purposes. But the difficulty is to get good Indian coal.”

Another witness:—

“More than once it has been a question whether I should get an order for Indian, Durban or English coal and I think it was decided by the sentimental factor against Indian coal.”

15. In paragraph 17 of their Memorandum the Federation say that “intrinsicly the best grade of Jharia coal is most decidedly superior to the Transvaal coal.” Do you accept this view?

15. Yes, Selected Jharriah coal with 7,431 calories and 11·70 per cent. ash, and Deshurgarh with 7,392 calories and 8·82 ash compares very favourably with Transvaal coal with 6,440 calories and 16·06 per cent. ash.

16. The Mining Federation have proposed the imposition of protective duties on coal at the following rates:—

(a) South African coal—Rs. 5 a ton.

(b) All coal other than South African—Rs. 10 a ton.

Do you favour the imposition of these duties?

16. The Tariff Board do not require an answer from the Indian Mining Association to this question.

17. Do you consider that the imposition of the protective duties on coal proposed by the Federation would result in an increase of the price of Indian coal in—

(a) Bombay,

(b) Sind,

(c) Madras,

(d) Burma, and

(e) the rest of India?

Would internal competition between the Indian mines operate to restrict the increase in price in each of these areas? By what amount (if any) do you consider that the price of the best Jharia coal would be increased in each area?

17. It is considered that the imposition of a protective duty of Rs. 1-8-0 per ton would not raise the price of Indian coal in Madras, Burma and the rest of India and owing to the competition that exists between suppliers, the effect on prices in Bombay and Karachi would be small. In this connection, it should be remembered that the prices of the best grades of Coal have fallen by some Rs. 4-0-0 per ton in the last year or two.

If a protective duty of Re. 1-8-0 per ton were imposed, as suggested by the Indian Mining Association, it would probably keep out South African coal and, provided that steamer freight, railway freight and other charges do not alter, it is not considered that this small protective duty would lead to much, if any, increase in the price of Indian Coal to the consumer anywhere.

18. Do you consider that the increases in price indicated in your answer to question 17 would be effective as regards bunker coal, or is it probable that shipping companies would be able to avoid the increase in price either by direct transshipment of coal from one vessel to another in Indian ports, or by bunkering in foreign ports?

18. Bunker Coal would not be more expensive than at present. The difference would be that steamers would, in all probability, be taking Indian coal where they now take African.

19. The imports of coal into Bombay (Indian and foreign) were 491,000 tons in 1924-25 against an average of 1,155,000 tons in the four years 1910-11 to 1913-14. The decrease in consumption is apparently due in part to the larger use of oil and hydro-electric power. Is it probable that an increase in the price at Bombay to the extent indicated in your answer to question 17 would result in consumers, who use coal at present, resorting to the alternative sources of power, and consequently in a further restriction of the market for coal?

19. There has been such a big fall in the price of coal in the last twelve months that there is no inducement on the ground of price to resort to alternative sources of power. Our object is to expand markets, and we realize that high prices tend to defeat this object.

20. Do you consider that an increase of the price of coal at Karachi to the extent indicated in your answer to question 17 would result in a larger use of oil in place of coal?

20. No, we do not consider that a protective duty of Re. 1-8-0 per ton would raise the price of Indian coal at Karachi to such an extent (if at all) that the buyer would seriously feel it.

21. Having regard to the existence of alternative sources of power, do you consider that the imposition of the protective duties on coal proposed by the Federation would result in an increase in the sales of Indian coal in—

- (a) Bombay,
- (b) Sind,
- (c) Madras, and
- (d) Burma,

and, if so, by what amount?

21. The only markets likely to be affected are Bombay and Karachi.

If imported coal is kept out, there is, or should be, a market for some 300,000 tons additional Indian coal.

The imposition of protective duties on the scale proposed by the Indian Mining Federation might or might not drive consumers to use alternative sources of power—it is difficult to say, as it depends on whether prices eventually rise to the extent of the duties imposed. Our feeling is that prices will not increase except under the stimulus of special economic conditions affecting the prices of all coals.

22. Do you consider that the coal industry satisfies the second condition laid down by the Fiscal Commission, *viz.*, that without protection it will not develop at all, or will not develop so rapidly as is desirable in the national interest?

22. Yes, the development we are aiming at is the displacement of 300,000 tons of African coal by a similar quantity of Indian.

This represents the employment of 2,500 mine-workers.

23. The nett imports of coal into India in 1924 amounted to less than 2 per cent. of the Indian production. The Fiscal Commission expressed the view that "it would not be right to endeavour to procure for an industry such protection as will enable it to compete in every possible market in India, if this involves giving protection appreciably higher than is required for its success in the greater part of the country." Do you accept this view, and, if so, do you consider it applicable to the coal industry?

23. We consider that a protective import duty will be effective in attaining our object, and that it will make very little difference in the price of Indian Coal to the consumer in India.

24. Do you consider that an increase in the price of Indian coal to the extent indicated in your answer to question 17 would be a serious addition to industrial costs in—

- (a) Bombay,
- (b) Sind,
- (c) Madras, and
- (d) Burma,

and would it be likely to retard the development of industries in these provinces?

24. The Tariff Board do not require an answer from the Indian Mining Association to this question.

SECTION II.

Questions for the Indian Mining Association and Indian Mining Federation.

25. How many coal mines are affiliated to the Indian Mining Association at present?

25. 60 Companies and Firms or individuals representing 134 Coal Companies, as per list attached.

26. What was the aggregate output in 1924 of the mines referred to in the answer to question 25?

26. The total raisings in 1924 of all classes of coal, including requirements for Colliery consumption, of these Companies were 14,186,742 tons, (all India= 21,176,606 tons).

27. The mines affiliated to the Association may be roughly classified according to their annual output as follows:—

- (a) Less than 5,000 tons.
- (b) Not less than 5,000, but less than 10,000 tons.
- (c) Not less than 10,000, but less than 20,000 tons.
- (d) Not less than 20,000, but less than 50,000 tons.
- (e) Not less than 50,000 tons.

How many mines belong to each class according to their output in 1924, and what was the aggregate output of each class?

27. Rough Classification—

No. of Concerns.	Tons.	Tons.
(a) 11 with less than . . .	5,000	11,124
(b) 10 with less than . . .	5/10,000	77,716
(c) 6 with less than . . .	10/20,000	89,921
(d) 45 with less than . . .	20/50,000	1,562,391
(e) 62 with less than . . .	50,000 & over	12,445,590
<u>134</u>		<u>14,186,742</u>

28. How many of the mines referred to in the answer to question 25 began to produce coal:—

- (a) before 1901,
- (b) from 1901 to 1913,
- (c) from 1914 to 1919,
- (d) from 1920 to 1925?

What was the aggregate output of the mines in each class in 1924?

28. We have no exact information. It could be obtained in all probability from the Chief Inspector of Mines.

The great majority of the collieries affiliated to the Indian Mining Association have been raising Coal for at least 10 years, some of them 20, and some longer.

29. How many mines affiliated to the Association have been shut down during the last two years, and how many new mines affiliated to the Association have been opened?

29. We have no information.

30. What was the aggregate output of the mines shut down, taking for each mine its output for the last calendar year before the year in which it was shut down?

30. We have no information.

31. How many of the mines shut down belonged to each of the classes enumerated in question 27?

31. We have no information.

32. How many of the mines shut down belonged to each of the classes enumerated in question 28?

32. We have no information.

33. In paragraph 38 of the Coal Committee's Report the average cost of raising coal is taken as Rs. 5 a ton in the Jharia field and Rs. 6 a ton in the Raniganj field. Do the Association accept these figures as reasonable estimates?

33. Yes. Of course, raising costs vary considerably, owing to varying conditions at each colliery.

But they do not allow of any reserves for development work.

34. What are the prices at the pithead at present, and what were they in November 1923, of Deshergarh, selected Jharia, first class Jharia, first class Raniganj, second class Jharia and any other class of coal which is commonly shipped by sea from Calcutta to other Indian ports?

34.

PRICE.

	At present.	In November 1923.
	Rs. A.	Rs. A.
Deshergarh	7 8	12 0
Selected Jharia	6 8	10 8
1st class Jharia	5 8	9 8
1st class Raniganj	5 8	9 8
2nd class Jharia	3 0 to 4	6 8

35. Do the Association regard the present pithead prices as unremunerative in the sense that a large number of producers realize no profits on their sales or sell at an actual loss?

35. The present pithead prices are barely remunerative for the better classes of coals—the others are practically unsaleable.

36. Do the Association anticipate that the continuance of the present level of prices will result in the closing of mines now working, and, if so, to what extent?

36. Yes, but there is another factor operating which has to be considered, viz., the increasing raisings from State and Railway-owned Collieries, tending to restrict the market and to lower prices which will result in more collieries closing down. The extent is at present uncertain.

37. When the prices of coal fall continuously they are likely to reach a point when, by the shutting down of those mines in which costs are highest, the curtailment of the supply prevents prices from falling further. Do the Association think that this point has been reached, or is it possible that prices may go still lower?

37. This point has possibly been reached—it is difficult to say, however, that prices will not fall further, as it is likely that many owners will continue to sell at a loss for a time to keep their collieries open.

38. How do the stocks of coal at the mines at present compare with the stocks held in November 1924 and November 1923?

38. I. M. A. Members only—

					Coal and Coke Tons.	} See statement attached.
Stocks—end of	1922	.	.	.	1,234,524	
	1923	.	.	.	1,458,980	
	1924	.	.	.	1,386,903	
end of June	1925	.	.	.	1,474,082	

39. Is any marked improvement in the condition of the coal industry possible until the market for Indian coal has widened substantially, either by the growth of internal consumption or by the development of the export trade?

39. No. Colliery costs cannot be brought down much further. A restricted market leads to restricted raisings, which means increased costs.

40. Can Indian coal be sold to-day in Rangoon, Madras, Bombay and Karachi at prices which, after deducting the cost of transport, leave the producer a price at the pithead not less than the price he receives for other sales? If not, to what extent is the price lower?

N. B.—A separate answer should be given for each port.

40. Shipment sales generally, though not always leave the seller a lower equivalent f.o.r. colliery price than other sales, sometimes 8 annas per ton, sometimes Re. 1, sometimes more. This would apply to all ports, but more especially to Bombay and Karachi.

41. Do the Association consider that the imposition of the protective duties on coal proposed by the Federation would result in an increase in the sales of Indian coal, and, if so, by what amount?

41. Yes, to the extent to which imports from other countries are stopped.

42. Would the increased sales of Indian coal which the Association consider probable result in the re-opening of mines at present shut down, or is it more probable that the demand would be met by the opening of new mines in areas where costs are lower?

42. The answer to this must be that the mines from which the 300,000 tons were drawn would be those from which the required quality could be obtained. At present, nothing but first class Coal has any chance.

43. Do the Association consider that the imposition of the protective duties proposed by the Federation would increase appreciably the average pithead price of coal, and, if so, to what extent, or would the benefit to the industry be confined to such increase in sales as might result from the displacement of imported coal?

43. "No" to the first part and "yes" to the last part of the question.

44. It appears from page 58 of the Coal Commission's Report that in the early months of 1923 the rebate granted by the South African Railways on export coal amounted to 7s. 9d. per ton of 2,000 lbs. which with the exchange at 1s. 6d. is equivalent to Rs. 5-9-7 per ton of 2,240lbs. According to the information in possession of the Association is the amount of the rebate still the same, or has any change been made?

44. No change has been made in the South African Railway's rebate, as far as we are aware.

45. The Federation have asked for a certain scale of protection on the basis that the Indian producer ought to receive a price of about Rs. 9 a ton at the pithead for the best Jharia coal. Do the Association believe that, if the duties are imposed, it will in fact be possible to realize this price for coal sold in Bombay or Karachi, or would internal competition keep the price lower?

45. No. Internal competition is quite sufficient to keep the price down.

SECTION III.

46 to 52 are questions for the Indian Mining Federation.

SECTION IV.

Questions for the Indian Mining Association.

53. The Coal Committee gave the following figures as the costs incurred between the pithead and certain ports—

	Transport cost per ton.		
	Rs.	A.	P.
Rangoon	11	3	0
Madras	11	15	0
Bombay and Karachi	13	7	0

Do the Association accept these estimates or if not, what changes do they consider necessary?

	Rs.	A.	P.
53. Railway freight Jharia (net)	3	8	6
Calcutta Port Charges	1	0	0
Wastage 2 per cent.	0	3	0
Insurance	0	3	0
Finance	0	4	0
	Rs.	5	2
Say	5	3	0

Add Freight—

	Rangoon.	Madras.	Karachi.
Rs.	6 0 0	6 12 0	8 4 0
Making Rs.	11 3 0	11 15 0	13 7 0

These estimates are accepted. Rates of freight, however, have fallen since the Indian Coal Committee's Report was drawn up early in 1925 and the figures should be revised as follows:—

	Present freight about.			Present price on that basis.		
	Rs.	A.	P.	Rs.	A.	P.
Rangoon	4	0	0	9	3	0
Madras	5	0	0	10	3	0
Bombay-Karachi	6	8	0	11	11	0

54. In Appendix XIX of their Report the Coal Committee gave figures for the cost of landing coal at certain Indian ports. Do the Association accept these figures?

54. Yes.

55. Do you consider that the coal industry satisfies the third condition laid down by the Fiscal Commission, viz., that the industry can eventually dispense with protection and meet world competition unaided in the sense that Indian coal could be sold at a profit in Bombay and Karachi in competition with foreign coal? If so, what change in the conditions do you anticipate which would be likely to produce this result?

55. Yes, in Bombay at any rate.

The import of coal from the United Kingdom may continue as a large proportion of it is of special quality and is brought in for Admiralty purposes.

The quantity of 100,000 is not likely to affect the situation. There does not seem to be much fear of other coal coming in, such as Japanese and Australian, though of course there is always that possibility.

56. Do the Association approve of the imposition of the protective duties proposed by the Federation?

56. The proposal does not commend itself in its entirety to this Association, as it seems to go beyond the economic necessities of the present situation.

Comparative Statement of Raisings and despatches of Coal and Coke and Rubble and Dust in Tons.

	1922.*					
	RAISINGS.		DESPATCHES.		STOCKS.	
	Coal and Coke.	Rubble and Dust.	Coal and Coke.	Rubble and Dust.	Coal and Coke.	Rubble and Dust.
March Quarter—						
Members .	2,690,869	205,599	1,463,028	172,298	1,957,987	213,153
Non-members .	2,107,512	32,254	861,232	9,518	3,481,404	110,549
TOTAL .	4,798,381	237,853	2,324,260	181,816	5,439,391	323,702
June Quarter—						
Members .	2,200,629	204,484	2,259,359	191,982	1,853,529	212,880
Non-members .	1,918,956	...	1,231,703	..	3,841,730	...
TOTAL .	4,119,585	204,484	3,491,062	191,982	5,695,259	212,880
Sept. Quarter—						
Members .	1,957,492	231,403	2,272,071	235,387	1,445,189	169,082
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	...	...
Decr. Quarter—						
Members .	1,678,898	259,212	2,054,583	278,549	1,234,524	157,863
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	...	...

* Figures for Non-members are not available from September quarter of 1922.

Comparative Statement of Raisings and Despatches of Coal and Coke and Rubble and Dust in Tons.

	1923.*					
	RAISINGS.		DESPATCHES.		STOCKS.	
	Coal and Coke.	Rubble and Dust.	Coal and Coke.	Rubble and Dust.	Coal and Coke.	Rubble and Dust.
March Quarter—						
Members .	2,597,929	281,196	2,175,139	255,543	1,552,367	171,386
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	...	...
June Quarter—						
Members .	2,091,739	248,703	2,171,900	231,017	1,425,036	169,440
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	...	..
Sept. Quarter—						
Members .	1,905,769	271,132	1,864,155	240,483	1,430,875	187,461
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	...	...
Decr. Quarter—						
Members .	2,140,150	306,428	2,298,273	311,704	1,458,980	188,934
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	..	...

* Figures for Non-members are not available from September quarter of 1922.

Comparative Statement of Raisings and Despatches of Coal and Coke and Rubble and Dust in Tons.

	1924.*					
	RAISINGS.		DESPATCHES.		STOCKS.	
	Coal and Coke.	Rubble and Dust.	Coal and Coke.	Rubble and Dust.	Coal and Coke.	Rubble and Dust.
March Quarter—						
Members .	3,024,453	335,058	2,253,474	282,576	2,072,512	231,882
Non members .	...	...	..	...	...	...
TOTAL .	...	...	..	...	...	...
June Quarter—						
Members .	2,473,981	320,736	2,449,378	314,225	2,022,225	228,659
Non-members .	...	...	...	..	...	...
TOTAL .	...	..	...	...	...	...
Sept. Quarter—						
Members .	2,104,117	301,314	2,552,073	286,712	1,530,632	212,112
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	...	...
Decr. Quarter—						
Members .	2,195,824	255,687	2,300,916	26,998	1,386,903	193,975
Non-members .	...	...	...	...	...	...
TOTAL .	...	...	...	...	...	...

* Figures for Non-members are not available from September quarter of 1922.

INDIAN MINING ASSOCIATION.

LIST OF MEMBERS ON 30TH SEPTEMBER 1925.

Name of Firm.	Coal Companies.
Messrs. Andrew Yule & Co., Ltd.	Adjai Coal Co., Ltd. Adjai Valley Coal Co., Ltd. Bengal-Bhatdee Coal Co., Ltd. Bengal Coal Co., Ltd. Bengal-Giridih Coal Co., Ltd. Bengal-Nagpur Coal Co., Ltd. Burra Dhemu Coal Co., Ltd. Deoli Coal Co., Ltd. Industry Coal Co., Ltd. Kalapahari Coal Co., Ltd. Katras-Jherriah Coal Co., Ltd. Minto Coal Co., Ltd. North-West Coal Co., Ltd. Seebpore Coal Co., Ltd. Sudamdih Coal Co., Ltd. Western Coal Co., Ltd.
,, H. V. Low & Co., Ltd.	Albion Coal Co., Ltd. Bhalgora Coal Co., Ltd. Kasta Collieries, Ltd. Kuardi Coal Co., Ltd. Lakurka Coal Co., Ltd. New Kessurgurrahi Coal Co., Ltd.
,, F. W. Heilgers & Co.	Bhulanbararee Coal Co., Ltd. Borrea Coal Co., Ltd. Churulia Coal Co., Ltd. Gobindpore Coal Co., Ltd. Khas Jherria Colliery Co., Ltd. Patmohna Collieries, Ltd. Sendra Coal Co., Ltd. Standard Coal Co., Ltd.
The Agent, East Indian Railway	Kurlhurbaree and Serampore Collieries, Giridih.
The Agent, East Indian Railway	E. I. and B. N. Railways Joint Colliery, Bokaro.
The Agent, Bengal-Nagpur Railway	Ditto.
Messrs. Bird & Co.	Budroochuck Coal Mining Co., Ltd. Burrakur Coal Co., Ltd.
,, Kilburn & Co.	Raneegunge Coal Association, Ltd. Tata Iron and Steel Co., Ltd.'s Bhelatand Colliery. Tata Iron and Steel Co., Ltd.'s Malkera and Choitodih Collieries. Tata Iron and Steel Co., Ltd.'s Jamadoba Colliery. Tata Iron and Steel Co., Ltd.'s Sijuah Colliery.

Name of Firm.	Coal Companies.
Messrs. Macneill & Co. . . .	Aldih Coal Co., Ltd. Dhemo Main Collieries, Ltd. Equitable Coal Co., Ltd. Hurriladih Coal Co., Ltd. Mundulpoor Coal Co., Ltd. Nodiha Coal Co., Ltd. West Jamuria Coal Co., Ltd.
,, Linton Miller, Ltd. . . .	Cliveden Coke Co., Ltd. Fularibad Coal Co., Ltd. Jasnadih Coal Co., Ltd. Singaran Coal Syndicate, Ltd. Sowardih Coal Co., Ltd. Suratand Colliery.
,, Jardine, Skinner & Co. . . .	Bansdeopur Coal Co., Ltd. East Indian Coal Co., Ltd. Marine Coal Co., Ltd. Sutikdih Coal Co., Ltd.
,, Villiers, Ltd. . . .	Bagdigi Colliery. Chatabar Colliery, Ltd. Hapjan Colliery, Ltd. Highfield Colliery, Ltd. Jainty (Central) Colliery, Ltd. Jainty (West) Colliery, Ltd.
,, Martin & Co. . . .	Ghusick & Muslia Collieries, Ltd. Kosoonda & Nyadee Collieries, Ltd. Moiria Collieries, Ltd. Poriapur Collieries, Ltd. Ratibaty Collieries, Ltd. Samla-Govindpur Collieries, Ltd. Samla-Kendra Collieries, Ltd. Samla-Ramnagar Collieries, Ltd. Satpukuria and Asansol Collieries, Ltd. Trans-Adjai Collieries, Ltd.
,, Turnbull Bros., Ltd. . . .	Damagurria Coal Co., Ltd. Pandra Co.
,, Shaw Wallace & Co. . . .	Amalgamated Coalfields, Ltd. Huntodih Coal Co., Ltd. Khas Kajora Coal Co., Ltd. Nazira Coal Co., Ltd. New Tettnrya Coal Co., Ltd. North Damuda Coal Co., Ltd. Pench Valley Coal Co., Ltd.
,, Turner, Morrison & Co., Ltd.	Lodna Colliery Co. (1920), Ltd.
,, Balmer, Lawrie & Co. . . .	New Beerbhoom Coal Co., Ltd.
,, McLeod & Co. . . .	Bausjorah Coal Co., Ltd. Gopalichuck Coal Co., Ltd.

Name of Firm.	Coal Companies.
Messrs. N. C. Sircar & Sons . . .	Barabani Coal Concern, Ltd.
„ Mackinnon, Mackenzie & Co.	Eastern Coal Co., Ltd.
„ Williamson, Magor & Co. . .	Union Coal Co., Ltd.
„ Anderson, Wright & Co. . .	Bokaro and Ramgur, Ltd. Central Kurkend Coal Co., Ltd.
„ Gillanders, Arbuthnot & Co.	Khoodia Coal Co., Ltd. Maharaja of Kasimbazar's Khas Collieries. Napur Coal Co., Ltd. Searsole Coal Co., Ltd.
„ Octavius Steel & Co., Ltd. . .	New Manbhoom Coal Co., Ltd.
„ Apcar & Co.	Apcar Collieries, Ltd.
„ L. N. Agarwalla, Ltd.	Colliery Proprietors.
„ Geo. Henderson & Co.	Shampore Coal Co., Ltd.
„ Burn & Co.	Burn & Co., Ltd.'s Collieries.
„ Bannerjee & Co.	Colliery Proprietors.
„ Planters' Stores & Agency Co., Ltd.	Central Dharmaband Coal Co., Ltd.
„ D. N. Ghosh & Bros.	Colliery Proprietors.
„ K. Worah & Co.	Ditto.
„ Khengarji Trikoo & Co.	Khas Joyrampur Collieries.
„ Kanji Mouji & Co.	Colliery Proprietors.
„ Oosman Jamall & Sons, Ltd.	Century Coal Co., Ltd.
Manji Govamal, Esq.	Colliery Proprietor.
Messrs. G. A. Archard & Co., Ltd.	Sudandih Colliery.
P. F. Linton, Esq.	Linton's Angarpatra Colliery, Ltd.
Messrs. Agabeg Brothers.	Jogta Colliery.
„ The Angarpatra Colliery Co.	.....
„ S. B. Raha & Sons.	Godhur Colliery.
„ The Bengal Iron Co., Ltd.	Colliery Proprietors.
„ Gangji Dossa & Sons.	North Kujama Coal Co.
„ Kanga & Co.	Colliery Proprietors.
„ Ghela Panchan & Co.	Lower Joyrampur Colliery.
The Agent	Assam Railways and Trading Co., Ltd.
Seth Khora Ramji, Esq.	Jharia Khas and Balliarie Coal Con- cern.
J. K. Patel, Esq.	Alliance Colliery Co.
Amarsinh Gowamal, Esq.	Teesra Colliery.
Butto Kristo Ray, Esq.	Gonshadih Coal Co.
Messrs. B. Ray & Co.	Ramkanali Colliery.
„ R. M. Paul & Bros.	Colliery Proprietors.
Gagan Chandra Ganguly, Esq.	New Lakurka Colliery.

Statement II.—Handed in by the Indian Mining Association on the 30th November 1925.

From the answers to the questionnaire, it will be seen that the Indian Mining Association consists of large collieries and small, European and Indian, and its members account for at least two-thirds of the total output for all India, that is, 14 millions out of 21 millions, and probably this year 14 millions out of 18½ millions. The Federation represent a proportion, but not all, of the remaining third.

I submit a statement showing that the number of mines regulated by the Indian Mines Act was—

942 in 1923,

846 in 1924, and

801 at the present time.

The total output in 1923 was 18,763,967,
in 1924 was 20,256,034,

and looks like going back to 18½ millions in 1925. It comes to this that, although 140 mines have closed since 1923, the output stands where it did. This seems to me to indicate, firstly, that the installation of mechanical coal cutters had enabled the larger collieries to increase raisings; and secondly, that the improved wagon supply has enabled buyers to draw their supplies at least from the Collieries they preferred.

The Association have approached the question of an import duty from the point of view that cheap coal is essential to industries, and they are averse to raising the price artificially to consumers. At the same time we want an outlet for all the coal produced. This is just as important to us as the question of price. It is hardly necessary to emphasize the importance of the Coal Industry to the Country generally, and although at present it is passing through a period of depression, any steps that can be taken to restore its prosperity *should* be taken. Demand is not what it was, and prices, generally speaking, are down to pre-war level. The view taken by the Committee of the Association is that there is ample coal in India for all India's needs—the transport facilities, either by sea or rail, to all the points of consumption, are now available. We do not send Indian coal to Africa, and it is quite unnecessary that African coal should be imported into India. India is not South Africa's natural market.

It seems not unreasonable for us to ask therefore that an Indian consumer should take Indian coal in preference to African. The Legislative Assembly has already passed a Resolution in favour of a Countervailing duty by 77 votes to 39.

The Association would not interfere in any way with the consumer's right to select the quality of Indian coal he requires. If he wishes first-class qualities, he should be entirely free in that respect, and not be obliged to purchase a lower grade. There is sufficient of either or of both kinds to replace all the coal now imported.

The Association likewise do not wish to raise the price to the consumer and do not think the proposed import duty of Rs. 1-8-0 per ton will do so. Prices in the last few months have come down about Rs. 4 per ton, and in their view, this small import duty would enable the Indian Coal industry to again get a footing in markets which were lost when the embargo was put on exports a few years ago.

As regards Bombay, the Association consider that if, by reason of the charges, Indian coal cannot be sent by sea, it should be made possible to send it by rail. This can be done by giving a rebate on Railway freight, confined to graded coal if that course is thought best in all the circumstances.

A good deal of misunderstanding has arisen over a statement in the Report of the Indian Coal Committee that Indian coal could only compete in overseas markets in the then conditions if its pithead price was not higher than certain stated figures. The paragraph in which these figures appeared was a very guarded one, based on certain estimates of charges and no absolute accuracy was claimed for the figures. The rates of steamer freight were those current at the time the report was written nearly a year ago, and as these rates are now Rs. 2 per ton less, that amount can be added to the figures for Singapore, Colombo, Bombay and Karachi, as shown above, and the estimated pithead prices should be revised as follows:—

Rs. 4 to Rs. 4-8-0 for Singapore.

Rs. 7-5-0 for Colombo.

Rs. 7 for Bombay and Karachi.

Number of Mines regulated by the Indian Mines Act.

Provinces	1921		1922		1923		1924		1925 (JAN.—SEPT.)	
	No. of Mines.	Total output.	No. of Mines.	Total output.	No. of Mines.	Total output.	No. of Mines.	Total output.	No. of Mines.	Total output.
Assam	6	312,022	6	347,650	7	325,949	8	334,562	8	243,053
Baluchistan	16	42,155	16	40,632	14	31,626	13	29,947	13	19,590
Bengal	268	4,259,642	283	4,328,986	270	4,621,578	250	5,031,655	237	3,586,152
Bihar and Orissa	532	12,964,659	561	12,708,527	557	13,171,983	501	14,100,112	474	10,204,259
Burma	2	300	1	172	3	1,271	1	255	...	...
Central Provinces	50	712,914	92	675,841	68	548,059	52	679,081	45	523,577
Punjab	20	67,242	24	67,180	33	63,501	21	80,422	24	51,513
TOTAL	884	18,358,934	953	18,168,988	942	18,763,967	846	20,256,034	801	11,628,144

Coal Mines in Indian States.

Central India	2	175,950	235,298
Hyderabad	2	658,429	644,775
Rajputana	1	7,119	21,870
Baluchistan (additional)	...	10—12,000	10—12,000

Statement III.—Letter dated 2nd December 1925, from the President, Indian Mining Association, Calcutta.

The situation which the Board asked me to deal with, as I understood it, was the following:—

The steamer freight from Calcutta to Rangoon being Rs. 4 (6s.) and Madras Rs. 4-4-0 (6s. 4d.), compared with Rs. 6-66 (10s.) the freight from Africa, those places are in effect protected already to the extent of the difference. The imposition of a duty of Rs. 1-8-0 per ton on imports into Bombay would put that port in a somewhat similar position—what effect would this have on the f.o.r. price?

In the first place, we cannot work on actual figures, as no business has been reported in cargoes to Rangoon or Madras for the last three months. If cargoes had been enquired for, the quoted prices would have been as shown in the enclosed statement—possibly less.

Rs. 5-8-0 per ton has been taken as the pit's mouth price of the coal, but it will be noticed that Rs. 16-4-0 e.i.f. Bombay/Karachi leaves much less than that. This price is exceptionally low.

I hope this is the information the Tariff Board requires.

Enclosure.

Specimen prices—November 1925.

	Bombay and Karachi.	Rangoon.	Madras.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Railway freight Jharia to Docks	3 8 6	3 8 6	3 8 6
Extras at Docks	0 1 6	0 1 6	0 1 6
Loading	0 8 0	0 8 0	0 8 0
River dues	0 8 0	0 8 0	0 8 0
Wastage—			
Loss between colliery and Docks—say 2 per cent.	0 4 0	0 4 0	0 4 0
2 per cent. off B/Lading (Survey Weight).	0 4 0	0 4 0	0 4 0
Insurance	0 4 0	0 1 0	0 3 0
Agents (taken at)	0 4 0	0 4 0	0 4 0
Inspection	0 1 0	0 1 0	0 1 0
	5 11 0	5 8 0	5 10 0
Steamer freight	6 4 0	4 0 0	4 4 0
Coal	5 8 0	5 8 0	5 8 0
	17 7 0	15 0 0	15 6 0

Cost of financing the cargoes has not been included in the above calculations.

Rangoon and Madras.—No sales of cargoes c.i.f. were reported September, October, November 1925.

Bombay and Karachi.—Business has been reported in October 1925 at Rs. 16-4-0 to Rs. 16-8-0 per ton c.i.f.

The above prices are based on rates of steamer freight current in November 1925.

Statement IV.—Letter dated 3rd December 1925, from the President, Indian Mining Association, Calcutta.

In continuation of my letter of the 2nd instant, I enclose a letter in original from Messrs. Blacker & Co., Freight Brokers, dated the 3rd December 1925, giving the rates of steamer freights ruling in the months of September, October and November last, for the ports of Madras, Rangoon, Karachi and Bombay.

This may be useful to you.

Enclosure.

Copy.

BLACKER & Co.,
SHIP FREIGHT
AND
COAL BROKERS.

BROKERS' EXCHANGE.
ROYAL EXCHANGE BUILDINGS,
2, CLIVE STREET,
Calcutta, 3rd December 1925.

To

A. A. F. Bray, Esq.,
Messrs. Jardine Skinner & Co.

DEAR SIR,

As requested by you, we give you below details of freights ruling during September to November 1925:—

	September.	October.	November.
Madras	. Rs. 4, Rs. 4-4	Rs. 4, Rs. 4-12	Rs. 4-8-0
Rangoon	. Rs. 4, Rs. 4-4	Rs. 3-8, Rs. 4	Rs. 3-12, Rs. 4
Karachi	. Rs. 6-8	Rs. 6-4	Rs. 6-4
Bombay	. Rs. 6-8	Rs. 6-4	Rs. 6-4

Yours, faithfully,
BLACKER & CO.

Statement V.—Letter, dated the 8th December 1925, from the President, Indian Mining Association, Calcutta.

With further reference to your letter No. 674 of the 3rd December 1925, I have obtained information of business done as follows:—

Rangoon.

May, June and July—Rs. 14-12-0 per ton c.i.f. based on freight at Rs. 4-4-0 per ton.

October, November and December—Rs. 14-12-0 per ton c.i.f. based on freight at Rs. 3-12-0 to Rs. 4 per ton.

Madras.

June, July, August and September—Rs. 16-12-0 per ton c.i.f. based on freight at Rs. 5-4-0 per ton.

From September, the seller would be prepared to do business lower than Rs. 16-12-0.

Bombay and Karachi.

October—Rs. 16-4-0 to Rs. 16-8 per ton c.i.f. based on freight at Rs. 6-4-0 to Rs. 6-8-0 per ton.

The months shown above may not be the actual months of shipment. The prices, however, represent business actually done.

Statement VI.—Letter, dated the 21st January 1926, from the Indian Mining Association, Calcutta.

Your letter dated 13th January 1926 has been submitted to this Association Committee who have noted the particulars you desire them to furnish regarding Natal and Transvaal coal and Jharia and Deshargarh coals.

With regard to your first request for particulars of the raising costs of Natal and Transvaal coal in the years 1913, 1923, 1924 and 1925, I am directed to inform you that the Committee have no definite information available.

In a pamphlet published in Africa in 1922 the following paragraphs appeared:—

“South African coals, in respect of cost and production and many other conditions, are very favourably circumstanced as regards an export trade in certain markets.”

“The position to-day is that we have practically unlimited quantities of coal of good quality and proved commercial value which lie ready to hand and which can be opened up and worked under conditions as favourable as those prevailing in any other country in the world.”

And in the “Colliery Guardian” of the 11th December 1925 a report was given of a sitting of the Economic and Wage Commission at Johannesburg regarding the coal industry of the Transvaal, in the course of which it was stated that the price of Transvaal coal at the pit’s mouth is probably the lowest in the world and the grade is good. Although the Association Committee have no definite information on the point, they have reason to think that present raising costs in South Africa are about 6 shillings per ton which is equivalent to Rs. 4 per ton at the present rate of exchange here.

In the report of the Coal Commission of South Africa, 1922, they say, “the cost of production elsewhere, owing to high wages, must for some time remain high compared to the cost of mining coal in South Africa and must go a long way to counterbalance the advantages of short distance to sea and the cheap freight in ships which have a return cargo to look forward to. The trade at the East African ports and at Aden and Colombo should, therefore, almost be in the hands of the South African collieries and a share of the trade at Singapore and other eastern ports and South America may also reasonably be expected fall to them.”

As regards your second request for *particulars of the highest and lowest pithead price* by which it is presumed you mean “sale price” and not “raising cost” I have to refer you to the publication on the “Indian Coal Statistics, 1924.” In the preface to that publication a chart is given of the average price of pit’s mouth coal; and on page 9 the prices of first and second class Jharia coals are given month by month for the past three years. If information is desired further back than the past three years you doubtless have

access to the earlier editions of the report on the "Production and consumption of coal in India" where this information is readily available.

I am to add, for your information, that selected Jharia coal sells at about 12 annas per ton above the price of first class Jharia, and Deshergarh coal sells about 12 annas per ton above the price of selected Jharia coal.

The following prices, at which contracts for first grade Jharia coal were made from 1913-14, may perhaps be of interest to the Tariff Board in the course of their deliberations:—

	Per ton.
	Rs. A. P.
1913-14	4 0 0
1914-15	4 0 0
1915-16	3 12 0
1916-17	4 0 0
1917-18	3 8 0
1918-19	4 8 0
1919-20	5 6 0
1920-21	5 4 0
1921-22	6 8 0

Statement VII.—Letter, dated 4th February 1926, from the Indian Mining Association, Calcutta.

With reference to the enquiries in your letter No. 45, dated 26th January 1926, I am directed to inform you that the pithead prices ruling at present for the various classes of Bengal and Bihar and Orissa coals may be stated as follows:—

	Per ton.
Desherghur	Rs. 7
Selected Jharia	Rs. 6
1st Class Jharia	Rs. 5
1st Class Raneegunge	Rs. 5-4
2nd Class Jharia nominal	Rs. 2-12 to Rs. 4

In passing these figures on to you, I am instructed to add that, generally, rates are about 8 annas per ton down all round since November 1925, and possibly a little more than 8 annas in the case of particular sellers.

THE INDIAN MINING ASSOCIATION.

B.—ORAL.

Evidence of Mr. A. A. F. BRAY, recorded at Calcutta on Monday the 30th November 1925.

President.—I should like to begin by saying that we are much indebted to you for the assistance you gave in arranging for the visit to two important collieries of Dr. Matthai and Mr. Clee, the Secretary to the Board.

Mr. Bray.—I trust they found it interesting. Our colliery people were very glad to show them round, I am sure.

President.—We are also indebted to you for the very clear replies to the questionnaire you have sent in, which will shorten our examination a good deal. You represent the Indian Mining Association?

Mr. Bray.—Yes.

President.—I see from one of the answers to the questionnaire that the mines affiliated to the Association produce two-thirds of the coal produced in India?

Mr. Bray.—14 millions out of 21 millions and this year I should think 14 out of 18½ million tons so that we represent two-thirds, if not more, of the total output of India.

President.—We asked also the Federation exactly the same question that we asked you about the output of the mines affiliated to that body. We have not got their answers on that point. I hope we shall get them in due course, but I gather that in Bengal and Bihar there are some mines which are not affiliated to either one body or the other.

Mr. Bray.—That is so.

President.—Can you give us some idea of their output?

Mr. Bray.—The Federation have already stated the number of collieries they represent.

President.—The number of collieries is fairly easy to get but the actual output of these collieries is quite a different matter.

Mr. Bray.—As far as I can answer that question, I should say that the Federation represent a proportion of the remaining third.

President.—We hope when they send their answer to that question we shall get the figures correctly. I think both bodies' mines are in Bengal, Bihar and Orissa?

Mr. Bray.—Yes.

President.—They don't represent the Central Provinces collieries?

Mr. Bray.—Messrs. Shaw Wallace & Company have Pench Valley.

President.—After all it is not an important matter. At any rate you are in a position to speak for a considerable proportion of the mines in India.

Mr. Bray.—Yes. I would like to hand in a statement for your convenience.* The figures there show the number of mines regulated by the Indian Mines Act. You will see that there were 942 mines in 1923, 846 in 1924 and 801 at the present day. Of course you know that the total output in 1923 was 18,763,967 and in 1924 it was 20,256,034 tons, and from the figures I have given you up to September you will see that the output looks like going back to 18½ million tons this year. That is to say, although 140 mines have closed since 1923 the output stands where it did.

President.—What exactly are you giving? Are these mines under the Indian Mines Act; does the statement exclude the Indian states?

* Statement II.

Mr. Bray.—Yes.

President.—In arriving at the number of mines in each year, are you excluding the mines that produced no coal during the year?

Mr. Bray.—I think in one year there was one mine that produced no coal. That is my recollection. These are the figures which are given by the Chief Inspector of Mines of the mines open.

President.—If the mines do not produce any coal it does not matter whether it is open or not.

Mr. Bray.—You will see that all the mines produced coal except one.

President.—What I am thinking of is the Statistics published by the Director General of Commercial Intelligence giving the number of mines in the Supplementary Indian Trade Journal. There were 176 of those in his list in Bengal, Bihar and Orissa alone that were producing no coal.

Mr. Bray.—I paid some attention to what is published there, but I should prefer to take the figure of the Chief Inspector of Mines. These figures I have given you are taken from his report right up to the end of September. These figures seem to me to indicate, firstly, that the installation of mechanical coal cutters has enabled the larger collieries to increase their raisings and secondly, that the improved wagon supply has enabled the buyer to draw his supplies from any colliery he prefers.

Mr. Ginwala.—Restrictions on the supply of wagons have been removed, that is what you mean when you speak of increased railway facilities?

Mr. Bray.—We are now getting wagons in full on indents and for the last 12 months; previous to that we did not. Therefore when a consumer was held up for coal he had to go where the wagons were.

Mr. Ginwala.—Now all the collieries can get as many wagons as they require?

Mr. Bray.—The railways can now supply all the wagons we want. They have a surplus now.

President.—I don't quite understand why you anticipate that the output will be a little low—18½ million tons? The worst months are over now, aren't they?

Mr. Bray.—November is usually the worst month.

President.—On arithmetical calculation you ought to get 19½ million tons.

Mr. Bray.—It is not done arithmetically. As I said, November is the worst month, or about the worst, for raisings, and I think you will find that 18½ millions will be about the figure.

President.—On the other hand, you have got to compare it not with 21½ million tons but with only 20 millions and odd because that is the output of British India.

Mr. Bray.—That is so.

President.—So that we are not getting on to a difference of 3 million but 2 million tons.

Mr. Bray.—You can also compare it with 18 million tons for 1923. 1923 and 1925 will be about the same.

President.—There is one point that has occurred to me in that connection. We have heard in the course of our enquiries not only about the wagon difficulty, but also about large stocks of coal at mills and factories. Is it possible that in view of improved railway facilities people are now reducing the stocks of coal they hold?

Mr. Bray.—Some are and some are not.

President.—That might produce a temporary decrease in the demand this year which would begin to correct itself again next year. People who are accustomed to hold stocks for three months might begin to hold stocks for two months only in view of the improved position. The Tata Iron and Steel Company said that it was their ideal to hold stocks for three months but I am very doubtful if they ever did it.

Mr. Bray.—With the state of wagon supply as it used to be, three months stocks was held by everybody who could collect as much, but with the wagon supply as we find it to-day, one month's stock would be safe.

Mr. Ginwala.—Does that apply to the busy season for the railways?

Mr. Bray.—We can't tell you. We have now had 12 months of a full supply of wagons, and it looks likely that the railways would be able to continue to supply in full. It depends on so many things, wheat traffic and so on.

President.—Before I go on, I should like to take some time to read the statement you have just handed in. It is perhaps difficult to make this as a basis for the questions I have to ask because it deals with a variety of things in a different order. I think perhaps the most convenient point to start from is this. The proposal which has been made for protection for coal is of a somewhat exceptional kind. Ordinarily, when an industry was supplying 95 per cent. or more of the country's needs of the commodity which is produced, it must be in a very strong position, and, therefore, apart from very special circumstances, it would not be a suitable industry to protect.

Mr. Bray.—I see, it ought not to ask for the other 5 per cent. ordinarily.

President.—Therefore it follows that the coal industry, in order to establish its case, has got to show that its circumstances are exceptional.

Mr. Bray.—Yes.

President.—That, of course, makes it very difficult to apply the conditions laid down by the Fiscal Commission.

Mr. Bray.—I agree.

President.—I think perhaps the best point to begin with is to make sure what your proposals are, then the result you expect from them, then their justification, and finally the amount of protection which is required. You have told us that you think the proposals of the Indian Mining Federation go beyond the economic needs of the case, that is to say, it is not necessary to put so high a duty as Rs. 5 per ton on South African coal, and also it is not necessary to put a higher duty on other coal than would be imposed on South African coal.

Mr. Bray.—That is so, for two reasons. The only considerable imports are those from South Africa. Coal from South Africa comes in at the rate of 300,000 tons per annum and from the United Kingdom roughly 100,000 tons. Now, the coal from the United Kingdom is very largely Welsh coal which comes for special purposes of the Admiralty and so on, and I think it would come in whatever duty is put on.

President.—The imports from other countries are 11,000 tons in the six months April to September 1925. That is immaterial. The only considerable imports therefore are those from South Africa and they do not come entirely to Bombay, they mostly go to Bombay and Karachi. I rule out Rangoon and Madras because Indian coal can hold its own there.

Mr. Bray.—Yes.

President.—I gather that your case practically is that you are in as strong a position in Madras and Burma as you were before the war. You are supplying very nearly the same percentage.

Mr. Bray.—Yes.

President.—And also, I take it, it is your view that the price of coal in Madras and Rangoon is determined by internal competition between the Indian mines and not by the price of imported coal.

Mr. Bray.—At present by internal competition. It is governed everywhere by internal competition at present. Your suggestion is that we have to keep prices of Indian coal down because we are competing with South Africa?

President.—Yes.

Mr. Bray.—That brings us into the question of price.

President.—I know, but I am not quite ready to go into that yet. At any rate in Madras and Burma the price is determined by internal competition between Indian mines, is it not?

Mr. Bray.—Yes.

President.—If then a protective duty of Re. 1-8-0 a ton is imposed, you don't think there will be any appreciable increase in price even in Bombay and Karachi and you also think you hope to get an increase in the total output of about 300,000 tons.

Mr. Bray.—We hope to get an increased export trade to the extent of between 200,000 and 300,000 tons.

President.—Please don't use the word "export"; that would ordinarily mean export to foreign countries. I am thinking of the effect on the producer. You expect increased sales of about 200,000 to 300,000 tons. That is the benefit that would accrue to the Indian producer.

Mr. Bray.—We expect to sell 200,000 to 300,000 tons more coal to the Indian consumer than we do at present.

President.—I think it would be convenient at this point to put one or two questions about the transport charges between Bombay and Karachi and the coal mines, that is the whole of the charges between the pithead and the arrival to Bombay and Karachi.

Mr. Bray.—On coal sent by sea?

President.—Yes.

Mr. Bray.—That is given at page 3.

President.—You have given two sets of figures which are not the same, one in the memorandum and one in the answers to the questionnaire. I think these were drawn in slightly different forms. However, it would be just as well not to have hanging over us two sets of figures. The wastage in the one case is taken as As. 4 and insurance As. 4 and in the answer to the questionnaire both are taken at As. 3.

Mr. Bray.—Yes.

President.—Can we take the answer in the questionnaire as being the one to go by? There is a difference of As. 2 in the grand total also.

Mr. Bray.—The question in the questionnaire is directed to a specific statement in the Coal Committee's Report:

"The Coal Committee gave the following figures. Did the Association accept these estimates?"

We merely set out the basis on which the Coal Committee arrived at their figures of Rs. 11-3-0, Rs. 11-15-0, and Rs. 13-7-0.

President.—Do you accept them?

Mr. Bray.—If the difference is only two annas, it is quite immaterial.

President.—You definitely say that these estimates are accepted.

Mr. Bray.—Some people would put wastage at As. 8. It depends on what you include.

President.—I am not interested in what other people may do. I am interested at the moment in what you tell me.

Mr. Bray.—I accept both sets of figures. They are very very similar. Our memorandum includes agents' commission.

President.—For that reason are you also including the agent's commission in the case of South African coal in order to compare the c.i.f. price with the price of Indian coal?

Mr. Bray.—We have drawn them up for different purposes.

President.—Let us take the one in the answer to the questionnaire.

Mr. Bray.—The difference is only As. 2.

President.—There is just one point, however, about freight. The Coal Committee reported that the freight to Bombay was Rs. 8-4-0, whereas the

sea freight from South Africa was 12 shillings, so that if you deduct the duty of eight annas, practically the freights are almost identical.

Mr. Bray.—They are practically the same.

President.—To-day both have fallen, but the fall at the moment is rather greater in the freight from Calcutta than in the freight from South Africa.

Mr. Bray.—The freight will be the same. To-day the freight to Bombay is Rs. 6-8-0.

President.—Taking to-day's freights the position is rather more favourable to Indian coal than the Coal Committee found it to be.

Mr. Bray.—Most certainly.

President.—The whole point is this: Would the Tariff Board be wise in anticipating that that was a permanent improvement in the condition of trade?

Mr. Bray.—No.

President.—In that case what it means is we have got to increase slightly the freight from Calcutta to Bombay so as to leave the two freights in the same relative position, as they were at the time when the Coal Committee reported.

Mr. Bray.—They seem to march level.

President.—Do they?

Mr. Bray.—If South African freight goes up, our freight also goes up. It is a world market.

President.—I know. In arriving at the total transport charges, did you take Rs. 6 8-0?

Mr. Bray.—I took the steamer freight rate of October 1925.

President.—Would it be more prudent to take it a little higher?

Mr. Bray.—It is not possible to say how the freight market will go.

President.—You have not got my point.

Mr. Bray.—I am afraid not.

President.—On your own figures, I am suggesting to you that it might be prudent to make the position a little less favourable. It is not that I am trying to take anything away from you, but I am rather suggesting that you ought to take something more.

Mr. Bray.—I would much rather ascertain facts.

President.—In order to compare the c.i.f. price of Indian coal with the c.i.f. price of South African coal at Bombay, I am suggesting that the sea freight from Calcutta ought to be taken a little higher, because though at present it is slightly lower than the freight from South Africa, ordinarily it won't be quite so low as that.

Mr. Bray.—It seems to me that the sea freight from Calcutta to Bombay or from South Africa to Bombay is about the same at the moment. If you suggest that we ought to take a higher figure, my answer to that is if you ask the steamer agents to quote you a forward freight rate to Bombay, it would be higher than this. If you ask them to give a contract rate for carrying coal in 1926, they will certainly ask for a higher rate of freight than that.

President.—Similarly if the South African exporter were to ask them, would he be quoted at a higher rate too?

Mr. Bray.—Certainly.

President.—The point, rather is this. The Coal Committee arrived at a certain estimate of the relative level of the two freights. I don't want to modify their estimate of the relative level unless there has been a permanent change.

Mr. Bray.—It is unnecessary to do so.

President.—It means raising slightly your transport charges to Bombay. In order to arrive at a round figure you have given the transport charges as Rs. 11-11-0 in your answer to the questionnaire.

Mr. Bray.—Bombay-Karachi present price on that basis is Rs. 11-11-0.

President.—Suppose we called it Rs. 12.

Mr. Bray.—No objection.

Dr. Matthai.—The new rebate is As. 8 off the railway freight and As. off the port dues.

Mr. Bray.—Yes.

Dr. Matthai.—I think on the other hand the grading fee will be As. 2.

Mr. Bray.—The grading fee will be one anna. We ignore that.

President.—Taking it in round figures, can we take it approximately Rs. 12 for purposes of discussion?

Mr. Bray.—For the purpose of getting a round figure for discussion y might take Rs. 12.

Dr. Matthai.—On the question of the relative levels of freight, am I rig in supposing—I have heard the statement made somewhere and I want y to correct me if it is wrong—that recently there has been a general loweri of freights on account of general world conditions in the freight market, b that the South African freight has not come down as a result of the shippi strike in South Africa and that the effect of it is likely to last for some month

Mr. Bray.—It may be. How can one say? The steamer freights have c tainly come down since the Coal Committee reported.

Dr. Matthai.—I mention that point with reference to the suggestion ma by the President that the fact that the relative level is at present differe from what it was before is rather a temporary feature.

Mr. Bray.—Yes.

Mr. Ginwala.—The Federation told us that so far as the Indian freig were concerned, the reductions were merely seasonal.

Mr. Bray.—They are certainly seasonal.

President.—Is this the time when the rates are normally high or norma low?

Mr. Bray.—At this season of the year they are normally low.

Mr. Ginwala.—That is the Federation's contention. It would not be s to assume that freight rates on coal have come down because they might up again when the season becomes busy?

Mr. Bray.—I don't think steamers are making any money on freight.

President.—All that is important for us is not the freight by itself, b how it compares with the South African freight.

Mr. Bray.—My feeling is that they will march level.

President.—We had better adhere to the Coal Committee's estimates which they compare the two freights.

Mr. Bray.—I accept that. To-day each of them is about Rs. 2 a ton l than it was. That is rather important because as I remarked in my men randum a lot of misunderstanding has arisen out of the statement which w made about pithead prices.

President.—I am just coming to that. I don't think I have misundersto anything. I have not formed any conclusion. I shall have to ask questio What the Coal Committee did was, as I gather, that, having arrived at estimate of the transport charges, they also estimated the price that co be obtained for Indian coal c.i.f. Bombay or Karachi, whatever might be t port, and they deducted the one figure from the other and the balance w left for the producer.

Mr. Bray.—At that time the steamer freight was Rs. 2 a ton more. T rates of freight have fallen equally in South Africa. A lot of prejudice being created by this statement which was made by the Coal Committee th to get back to Singapore we should have to accept an f.o.r. price of Rs. 2 Rs. 2-8-0 and to get back to Bombay an f.o.r. price of Rs. 5 a ton. It was a

stated by the Indian Coal Committee that the raising costs were Rs. 5 for Jharia coalfields and Rs. 6 for Raniganj coalfields.

President.—Is it of any importance to our enquiry?

Mr. Bray.—No. If the steamer freight from Calcutta marches level with the South African freight, it is not important.

President.—You have told us that the price of Transvaal coal is Rs. 17 nominal, Natal coal Rs. 18 nominal and of British coal Rs. 18 to Rs. 19 nominal. I am not quite sure what exactly you mean by “nominal.”

Mr. Bray.—It applies to Rangoon and Madras.

President.—“Nominal” refers to Rangoon and Madras?

Mr. Bray.—Yes.

President.—For Bombay and Karachi you have definitely given the figures of Rs. 18 and Rs. 17.

Mr. Bray.—Yes.

President.—The Federation’s point was that the difference between the price of Transvaal and that of Natal coal was greater than that.

Mr. Bray.—It might be Rs. 2.

President.—The kind of feeling that I had was that the difference was not absolutely Rs. 2. It might be anything between one to two rupees. I notice that the Coal Committee worked at it in that way.

Mr. Bray.—Yes.

President.—In our discussion with the Federation we have taken selected Jharia as typical Indian coal which is most likely to find a market. Is that a reasonable method to adopt?

Mr. Bray.—Yes. There is also a large market for Dishergarh and it is immaterial which you take, because roughly the cost at the docks f.o.b. would be about the same. Selected Jharia sells at about Re. 1 a ton less than Dishergarh. On the other hand Dishergarh enjoys a lower railway freight to the docks.

President.—But surely it is not a question of what it costs to raise it, but what people are prepared to pay for it.

Mr. Bray.—Take the market any day. Supposing selected Jharia is selling at Rs. 6-8-0, Dishergarh will sell at Rs. 7.

President.—You have given the price of selected Jharia as Rs. 6-8-0 and Dishergarh as Rs. 7-8-0.

Mr. Bray.—Railway freight from Jharia to Kidderpore Docks would be about Rs. 3-8-0 whereas from Dishergarh to Kidderpore Docks it would be roughly Rs. 2-8-0.

President.—In order not to complicate the case, may we continue to take selected Jharia?

Mr. Bray.—I merely wish to bring out that it is really immaterial which you take.

President.—What really one wants to know is the c.i.f. price that can be obtained for selected Jharia in Bombay to-day?

Mr. Bray.—I think it is given on page 3 of the memorandum. We might obtain Rs. 18.

President.—It does not say so definitely. It merely says:

“A rough comparison of the items making up a cargo sold at Rs. 18 per ton c.i.f. Bombay would be as follows: . . .”

If both Bengal and African coal sold at these rates, is this the way to divide up?

Mr. Bray.—Are you trying to ascertain the current market rate for best Jharia coal?

President.—That is what I want to know. It is absolutely essential to get all the information we can.

Mr. Ginwala.—What kind of coal is going to compete with South African coal?

Mr. Bray.—Selected Jharia and Dishegarh will compete with South African coal. The price in Bombay would be round about Rs. 18. I think you might find it difficult to induce the Bombay buyer to pay Rs. 18 for Indian coal.

President.—Let me put it this way. There are consumers in Bombay who are prepared to pay as much as Rs. 18 a ton, but these consumers' sympathies you have already enlisted. They are not the people you are now trying to get at. Is not the important question rather this, how much would you have to reduce your price in order to induce people who are at present buying Natal coal to take your coal?

Mr. Bray.—Yes. We have shown that the Bombay buyer prefers Natal coal, because he considers it to be 10 per cent. superior, that is to say, Rs. 2 better than Indian.

President.—Some of them do, not all. That is to say, some of the consumers pay as high as Rs. 18 for selected Jharia.

Mr. Bray.—I would not like to make a definite statement that they are prepared to pay Rs. 18 a ton.

President.—That is just it.

Mr. Bray.—If you would like to know, I could give you later on the prices at which actual business is done in Bombay.

President.—It would be very useful indeed.

Mr. Bray.—I would get you a note on prices at which business is done in Bombay.*

President.—If particular mines don't want their names to be disclosed, we don't want that.

Mr. Ginwala.—When you refer to African coal, are you referring to Natal or Transvaal coal?

Mr. Bray.—There is a difference of one to two rupees between the two. If Natal is satisfied with a price of Rs. 5-8-7, then the prices of best Indian and African coal are the same.

President.—On page 17 of this pamphlet the Indian Mining Federation have given a statement showing the c.i.f. Bombay price for South African coal (Natal and Transvaal) from March 1922 to July 1923. The price you have given for Natal coal is Rs. 18 a ton.

Mr. Bray.—Transvaal is cheaper than that to-day. You have evidence of the business that is done. They say 26s. 6d. for African coal without specifying whether it is Natal or Transvaal.

Mr. Ginwala.—We have asked the Federation to specify them.

Mr. Bray.—That is probably Natal coal.

President.—Their figures and yours agree at any rate as regards Natal coal.

Mr. Bray.—Yes. I can only give you business actually done in Bombay. The Bombay buyer is at one time willing to pay Rs. 18 and at another time Rs. 16. It all depends on the pressure on this side to get rid of the stocks.

President.—That is merely a question whether you are willing to sell at a certain price. That is not the real point. Our point is what price should you accept in order to undercut the South African seller. What the Federation told us was this that they could get Rs. 17 a ton in competition with the South African coal, that is to say, even for Transvaal coal there was a slight preference in the mind of the Bombay consumer. If they could get Rs. 17 and if the price of Transvaal coal was Rs. 17, the duty of As. 8 just wiped out the slight preference for the Transvaal coal.

Mr. Bray.—Yes.

* Statements III, IV and V.

President.—All their proposals were based on a price of about Rs. 17 c.i.f. obtainable for Indian coal. Do you think that that is a reasonable way of looking at it?

Mr. Bray.—Yes.

President.—What it practically comes to is that in order to undercut the South African coal, you have got to sell at about Rs. 17 a ton.

Mr. Bray.—Yes.

President.—We took transport charges at Rs. 12. On that basis there is only Rs. 5 left at the pithead.

Mr. Bray.—Yes.

President.—With the new rebates it will go up by about As. 12. Then it comes to Rs. 5-12-0.

Mr. Bray.—Yes.

President.—You are prepared to see the thing worked out on those figures.

Mr. Bray.—Yes.

President.—The next point I want to ask you is about this feeling of the Bombay consumer that Natal coal is Rs. 2 better than the Indian coal. According to the analysis published by the Coal Committee there is very little difference between the Natal coal and best Jharia coal.

Mr. Bray.—There is a difference, though not much.

President.—Supposing both coals were offered to an entirely impartial observer who had never used either of them, but was simply buying on analysis, what sort of difference would it make in the price between the two? Would it be more than As. 4 a ton?

Mr. Bray.—You can take the Colombo market for instance. They consider that Natal coal is 10 per cent. superior to Indian.

President.—I don't think you consider that Colombo is entirely unprejudiced.

Mr. Bray.—We must deal with the buyer's prejudice.

President.—I will come to that presently. I want to know first of all intrinsically what is the position.

Mr. Bray.—I am interested in the sale of Indian coal and I cannot express an opinion. I must accept these figures as they are. On the basis of the analysis Natal coal is a little better than Indian coal.

President.—What sort of difference did these analysis disclose?

Mr. Bray.—Does it not depend on what a buyer is ready to pay?

President.—Unquestionably.

Mr. Bray.—It is not a theoretical question. It is entirely a practical question.

President.—I shall come to that presently. At that stage I have got to consider the reasons for the buyer's preference. I think first of all it is very important that we should get from you a clear statement as to what intrinsically the position is as regards the two coals.

Mr. Bray.—The Coal Committee said:

“The best Indian coals are at least as good as the average level of the best Natal coal and that they are distinctly better than the average of Transvaal or Japanese.”

President.—Do you accept that?

Mr. Bray.—I accept that statement.

President.—That is to say it may not be as good as best Natal. It is as good as the average Natal coal. That is practically what it comes to.

Mr. Bray.—Yes.

President.—Supposing you could get Rs. 18 a ton at present. I am putting it to you hypothetically.

Mr. Bray.—In Bombay?

President.—Yes. If you deduct the transport charges of Rs. 11-4-0, it leaves a balance of Rs. 6-12-0 in which case there will be no need for protection.

Mr. Bray.—Again you raise the question of the buyer's prejudice.

President.—I am putting the hypothetical question if you could get Rs. 18 a ton. I am not suggesting you can.

Mr. Bray.—Yes, if we could.

President.—Practically you can sell as freely in Bombay as anywhere else. As a matter of fact, you have got a four annas margin as compared with the pithead price over other sales.

Mr. Bray.—You see there are figures in our calculation which vary very considerably. If a buyer buys on a bill of lading quantity less 2 per cent. your charges are all added to the price. It is all a question of what you take. It all depends on the terms on which you sell.

Mr. Ginwala.—What do you mean by less 2 per cent.? That is the first time I hear about it.

Mr. Bray.—There are two losses. There is first of all the loss between the colliery and the docks, that is to say, you bring down a certain amount of coal on which you pay railway freight. You are paid for that coal, as a rule, on the survey weight less 2 per cent. The survey weight is usually 2 per cent. less than the railway weight. That explains this item of wastage, As. 4.

Mr. Ginwala.—What is this survey weight?

Mr. Bray.—It is worked out on the ship's displacement.

Mr. Ginwala.—Then it brings you down by 4 per cent.

Mr. Bray.—You had 2 per cent. to start with between the mine and the port. Then you sell on bill of lading quantity less 2 per cent. There is another As. 4 to come off from your price.

President.—That is why we specially asked all these questions in the questionnaire whether you accept the Coal Committee's estimates of all the charges between the pithead and the port.

Mr. Bray.—I quite follow. The custom in Bombay is different. It varies at different ports. I do accept the Coal Committee's estimates.

President.—In that case, why raise another point now?

Mr. Bray.—I am afraid I cannot ignore it. If we sell on bill of lading quantity less 2 per cent., the loss is there.

Mr. Ginwala.—Is not the South African coal on the same basis?

Mr. Bray.—Yes.

President.—The custom applies to both.

Mr. Bray.—Yes.

Mr. Ginwala.—In that case, it does not make much difference.

Mr. Bray.—No.

President.—To return to the question I was putting to you which is this. If you deduct Rs. 11-4-0 from Rs. 18 you are left at the pithead with Rs. 6-12-0.

Mr. Bray.—Yes.

President.—If you could get Rs. 18 in Bombay, it would be really difficult to see the need for protection. When I say if you could get Rs. 18, I mean if you could get Rs. 18 freely.

Mr. Bray.—But if South African coal also sells at Rs. 18 as freely, the buyer will prefer Natal coal.

President.—I quite understand that. I have not ignored that. That is the most important point in the whole case.

Mr. Bray.—If we could get Rs. 18 in Bombay, there would be no need for protection.

President.—That is the answer I expect you to give. I don't think that it is in any way adverse to your interests to admit that.

Mr. Bray.—I am only dealing with the practical question.

Mr. Ginwala.—Reasonably, you cannot be expected to sell below Rs. 18 a ton?

Mr. Bray.—Sometimes we do.

Mr. Ginwala.—Leaving aside the pressure of the market and such other factors, could we reasonably expect you to quote less than Rs. 18?

Mr. Bray.—That raises the question of what a reasonable profit is.

President.—We are steering clear of what is reasonable cost of production. Whether the Tariff Board recommend the duty or not, whether the Government of India accept it or not, it would not appreciably affect the price at the pithead.

Mr. Bray.—Quite so.

President.—There is some point in fixing what a fair price is if, by means of a protective duty, you can give it to the industry.

Mr. Bray.—Yes.

President.—Therefore instead of comparing it with a fair price, we can compare it with the actual price you are getting. If in any one place you are getting as much as you can get, you won't get any more.

Mr. Bray.—No. Shipments are usually made at a lower price.

President.—That brings me to another point and that is this. We asked in question 40 "Can Indian coal be sold to-day in Rangoon, Madras, Bombay and Karachi at prices which, after deducting the cost of transport, leave the producers a price at the pithead not less than the price he receives for other sales" and you say in your answer "Shipment sales generally, though not always, leave the seller a lower equivalent f.o.r. colliery price than other sales, sometimes 8 annas per ton, sometimes Re. 1, sometimes more." This would apply to all ports, but more especially to Bombay and Karachi." What I was thinking of is this. I think that it is a little important to get, as far as we can, the pithead price that is left to the producer on sales in Rangoon and Madras. Before I ask you for any information, I should like to explain the reasons because, owing to the smaller transport charges, the position in Madras and Rangoon to-day, relative to the South African coal, is almost the same as it would be in Bombay and Karachi if the duty were imposed, that is to say, as compared with Bombay and Karachi, Madras has got at present an advantage of about Re. 1-8-0 a ton.

Mr. Bray.—Are you speaking of the steamer freight? We pay that, don't we?

President.—You say that if we put on this duty, there will be no increase in price at Bombay and Karachi, don't you?

Mr. Bray.—Yes.

President.—What occurred to me was this. What is the position to-day in Madras and Burma? The position in those places is very much what it would be in Bombay and Karachi if the duty you have asked for is imposed. The inference is that the competition of imported coal is just about the same in Madras and Burma as it would be in Bombay with the duty of Re. 1-8-0.

Mr. Bray.—In calculating our price for any port, we start with the same pithead price. Then we add the charges, and the charges to Bombay are certainly higher than they are to Rangoon or Madras. That is to say, if we pay, as we do, to-day Rs. 4-4-0 to Madras, we pay Rs. 6-4-0 to Bombay and so the Bombay price must be at least Rs. 2 higher than the Madras price.

President.—That is a new rate you give us. In the memorandum you have given Rs. 5 as freight to Madras.

Mr. Bray.—I am dealing with a market which is changing. This was written on the 17th November when it was Rs. 5 but I have actually in the last day or two taken a steamer to Madras at the rate of Rs. 4-4-0 for December shipment, that is Rs. 2 below the Bombay figure.

President.—The freight to Bombay has also come down a little.

Mr. Bray.—For Bombay, I suppose, you would get a steamer for Rs. 6-4-0.

President.—Anyhow, whatever the abstract level is, what is very important for us to know, if we can, is—do the Indian mines realise for coal sold in Burma and Madras a higher price at the pithead than for coal sold in Bombay?

Mr. Bray.—No. I have not seen the evidence of the Mining Federation on that point. We say that everybody in making the calculation starts with the same pithead price, that is, the pithead price he might be willing to sell at.

President.—What pithead price?

Mr. Bray.—You estimate what the market price is. You work out all the additions you know. If your stocks are high and if you are very anxious to make despatches, you try and fix your price lower than some one else.

President.—You are doing that for sales all over the country?

Mr. Bray.—Yes.

President.—Why should a mine be willing to accept its price more freely for sales made in Madras and Rangoon than for sales made in Bengal and Bihar?

Mr. Bray.—If it had heavy stocks, by making a shipment it disposes of 6,000 tons in five days and thus it reduces its stock by 6,000 tons very quickly.

President.—Do you think that it is mainly that?

Mr. Bray.—It is mainly that. There is very keen competition for shipment business as a rule between the different firms.

President.—Why is there more competition for shipments than for other sales?

Mr. Bray.—I don't know why. At the present moment collieries are anxious to do shipment business and to despatch 6,000 tons at a time is desirable business.

President.—It works out something like this. If you realise the same pithead price for your coal sold in Bombay as for coal sold in Burma, taking the price in Bombay at Rs. 17, it would be Rs. 14-8-0 in Rangoon.

Mr. Bray.—Yes.

President.—In Burma, of course, it is so much below the price of South African coal that there is no competition.

Mr. Bray.—In Madras and Rangoon, there is no competition from South Africa. I think that it is quite clear from what we have said that what we are after is the entire Indian market—Indian coal for India.

President.—I understand that. It is really important for us to know what the effect of the proposals is likely to be because unless there is some special reason for cutting the price in those markets, the duty would actually raise the price.

Mr. Bray.—It would enable us to obtain something under Re. 1-8-0 a ton more? If we get a preference to the extent of Re. 1-8-0 I can only say that the competition between the different firms as it exists at present is quite sufficient to keep the price down.

President.—One would like to feel that one understood a little more clearly. In nearly every case there is a definite reason why they are willing to do it. We come across pretty frequently in our enquiries that an industry which has got a certain fairly big market which is pretty well assured to it, does not want to cut prices in that market, but that it will cut prices in an outlying market.

Mr. Bray.—Are you suggesting that an import duty would enable us to put prices up in Madras and Rangoon?

President.—I have taken the view that it won't. But I am looking at it the other way round. If the price you get at the pithead for coal sold in Madras and Burma is no higher than the price you get at the pithead for coal sold in Bombay, that is evidence in support of your view that the duty would not raise the price in Bombay.

Mr. Bray.—I should go a little further than that. I think that the price we get in Bombay is rather less than the price we get in Rangoon and Madras.

President.—In that case the effect of imposing the duty would be to increase the price to about the level of what you would get in Madras and Rangoon.

Mr. Bray.—If it did that?

President.—Then there is some increase in the price.

Mr. Bray.—It is going to be very slight, if any.

President.—If you could give us some information about prices actually realised—c.i.f. Rangoon and Madras—for selected Jharia sent there recently, it would be exceedingly useful.

Mr. Bray.—I will see what can be done.*

President.—That is about the best evidence as to what is likely to happen under the protective duty. In Madras to-day you have got about the same advantage over South African coal as you would have in Bombay with the duty.

Mr. Bray.—I follow.

President.—What actually happened in Madras and Rangoon is about as good evidence as we can get.

Mr. Bray.—I see the point.

Mr. Ginwala.—What is this Portuguese East African coal you refer to in Appendix I of your Memorandum?

Mr. Bray.—That is Transvaal coal.

Mr. Ginwala.—With regard to this question of prices one thing I am not quite clear about is that Natal coal is supposed to be 10 per cent. better from the point of view of the buyer.

Mr. Bray.—That is what he says.

Mr. Ginwala.—As regards quality he considers that Natal coal is Rs. 2' better than Indian.

Mr. Bray.—Yes.

Mr. Ginwala.—Then there is the prejudice which is in addition to the difference in quality which he believes in.

Mr. Bray.—Yes.

Mr. Ginwala.—Then there is a difference of Rs. 4.

President.—You don't mean that there is a prejudice of Rs. 2.

Mr. Bray.—I don't mean that.

Mr. Ginwala.—The evidence we have had so far, and which the Coal Committee had, is that the best Indian coal is as good as the average Natal coal.

Mr. Bray.—Yes.

Mr. Ginwala.—That does not give us a measure of the difference in quality. I want to know what is the measure of difference as regards quality.

Mr. Bray.—At the time of the embargo and later on when there was difficulty in shipping, the buyer became accustomed to using Natal coal. We find that in Colombo Natal coal has got a footing and it is going to be difficult for India to get that market again. Colombo was a big market for us once, and I should think that the same thing is happening in Bombay and Karachi.

Mr. Ginwala.—We want to find out the money value of the difference in quality and the money value of the prejudice.

Mr. Bray.—It is impossible to put any money value on that.

President.—I think that you have already told us that as regards the actual analyses there is very little difference between the two. You also have told us that the consumer thinks for his own reasons that the Indian coal is two rupees worse.

Mr. Bray.—Mr. Ginwala is probably trying to make out that it is more than Rs. 2. Have we not made this point clear in our answer, on page 4, to the questionnaire?

Mr. Ginwala.—I am not able to follow that. I want you to make it clear to me. Supposing we recommended the imposition of this duty of Rs. 1-8-0 which you are asking for, would that enable you to get over this little difference in quality that you say does exist as well as the prejudice.

Mr. Bray.—I think so. I think that we say that on page 4. We say there that there will be this extra railway rebate on ungraded coal which will be given us very shortly and we do enjoy an advantage over South Africa in the matter of railway freight which is 10 annas and 11 pies.

Mr. Ginwala.—You have added "which more than makes up for any advantage Natal coal enjoys in the matter of quality."

Mr. Bray.—That is our position.

Mr. Ginwala.—With regard to prejudice?

Mr. Bray.—If the advantage which Natal coal enjoys is Rs. 2, we have a little margin of Rs. 1-10-11 on the figures we have given there.

Mr. Ginwala.—That is to say, the difference in price at present between your coal and Natal coal is rather due to the prejudice than to the intrinsic difference between the qualities of the two.

Mr. Bray.—Yes.

Mr. Ginwala.—Supposing it was a question of imposing a duty, it would not be unfair to expect the Indian consumer to use Indian coal because it is the same quality as Natal coal? Would you go as far as that?

Mr. Bray.—I think that if a duty were imposed all that would happen would be that the Indian consumer would be using Indian coal in preference to African. He would be using a slightly inferior coal and would be paying no more than he would be for African. There is much more in it than that. If we get the additional market for 200,000 to 300,000 tons, theoretically at least our costs would go down, the higher the output the lower the cost.

Mr. Ginwala.—I am looking at the question of price from the consumer's point of view.

Mr. Bray.—We have already said we wish to do that.

Mr. Ginwala.—If it is a question of compelling him to use Indian coal, it would not be putting him to any serious inconvenience?

Mr. Bray.—None whatever, if he were obliged to use Indian coal. He voted in favour of a countervailing duty. The only effect of that would be to make the Bombay consumer use Indian coal in preference to African.

Mr. Ginwala.—I understood you to say that you ought to get Rs. 18 on an average for your coal in Bombay if the business was not to suffer unduly.

Mr. Bray.—Yes, we ought to get it if you allow a fair margin for raising cost. I don't know whether we can.

President.—On the figures that you have given for transport charges, you cannot, because the internal competition will not enable you to get more than Rs. 17-8-0.

Mr. Bray.—I can give you an additional reason, if you wish, at this stage why we think that this small quantity of 300,000 tons is important; it means keeping open 5 collieries raising 5,000 tons each. There are only these markets, Bombay and Karachi and the price of coal has fallen to a great extent, at least by Rs. 4 a ton.

Mr. Ginwala.—According to the figures that you have given here there has been a good deal of recovery of the Bombay market. Has that got anything to do with price?

Mr. Bray.—I should think it has something to do with it.

Mr. Ginwala.—Because the imports into Bombay have certainly become smaller progressively.

Mr. Bray.—Yes. The imports now are on the same scale as they were in 1924-25.

President.—There has been no particular change in 1925.

Mr. Bray.—No, because it was 448,000 tons in 1924-25 and in the first six months of 1925, 218,000 tons.

Mr. Ginwala.—Look at 'other coal' in Appendix II of your Memorandum.

President.—That is all imported coal.

Mr. Bray.—Yes.

Mr. Ginwala.—What I mean is that the export of Indian coal to Bombay has increased whereas "other coal" has dropped as far as I can see.

Mr. Bray.—Are we talking of the same figures?

Mr. Ginwala.—You see in 1921-22 the total imports of Indian coal into Bombay were 348,416 tons, in 1922-23, 89,289 tons, in 1923-24, 126,065 tons and in April 1924 to December 1924, 174,355 tons.

Mr. Bray.—We have got later figures than that.

Mr. Ginwala.—The figures you have given are up to end of December 1924. It shows that you are recovering the market.

Mr. Bray.—Yes.

Mr. Ginwala.—Is it due to the lower price?

Mr. Bray.—Yes and cheaper freight being available.

Mr. Ginwala.—Some advantage must have arisen which you did not enjoy before.

Mr. Bray.—It is obvious that when Indian coal was selling at Rs. 10 a ton f.o.r. colliery, it could not compete with African coal, Natal or Transvaal.

Mr. Ginwala.—I am drawing your attention to these figures because it has been stated that you have been gradually recovering your former market in those places and the process of recovery would go on without your getting any protection.

Mr. Bray.—No. African coal is still coming into Bombay and Karachi. Do you remember the Sukkhur Barrage?

Mr. Ginwala.—Yes.

Mr. Bray.—They are now buying Indian coal. I should be rather inclined to think that a little while ago they might not have done.

Mr. Ginwala.—We have read a good deal about that. Your contention is this that, though the market might have been recovered to a certain extent, you could not at the present level of prices expect to recover the whole of that market without protection.

Mr. Bray.—No.

Mr. Ginwala.—That is your point?

Mr. Bray.—Yes.

Dr. Matthai.—Or not so rapidly?

Mr. Bray.—Or at all.

President.—The grading system is a new development. You have got still to see the effect of grading.

Mr. Bray.—Quite true.

President.—That might make a very appreciable difference.

Mr. Bray.—It would make a difference of 12 annas.

President.—The grading certificate might produce greater effect as time goes on.

Mr. Bray.—It has been clearly put on page 4 of our Memorandum. We have stated already that we shall have an advantage of Rs. 3-2-11 to put against the better quality of Natal coal and the buyer's prejudice.

President.—Your answer presumes the superiority of Natal coal but it was brought to our notice that there was very little difference between Natal coal and Indian coal.

Mr. Bray.—When you drew my attention to the analyses of coal, you showed me that Natal coal was lower in ash content and that it was a little higher in calories.

President.—You have practically accepted the Coal Committee's figures.

Mr. Bray.—Yes.

Mr. Ginwala.—On page 25 of the Coal Committee's Report, they have given the output per month of certain collieries.

Mr. Bray.—Yes, 475,000 tons per mensem.

Mr. Ginwala.—Would that be a correct figure to take for ascertaining the quantity of first class coal available?

Mr. Bray.—Yes.

Mr. Ginwala.—Is that the maximum?

Mr. Bray.—Do you mean 475,000 tons per month?

Mr. Ginwala.—I want to know whether you would have enough first class coal to supply.

Mr. Bray.—This is the average of 32 collieries working Dishergarh and Poniat and 18 working selected Jharia.

Mr. Ginwala.—Can you give us some idea as to the percentages of first class coal of these two kinds and other coal?

Mr. Bray.—I can get you some figure but I don't know whether they will be useful.

President.—What Mr. Ginwala has in his mind is which class of producers would benefit by the imposition of the duty?

Mr. Bray.—Undoubtedly collieries raising first class coal because that is the coal which the consumer wants.

President.—There was always a possibility if that quantity were taken off the markets in Bengal, Bihar and Orissa, the second class collieries would be able to compete there, and the question is, could the first class collieries increase their output to the extent of 300,000 tons?

Mr. Bray.—Yes. Provided the wagon supply is as satisfactory as it is to-day, there is every encouragement for the first class collieries to increase their output. The whole trouble was this, that we raised our coal but could not get it away.

Mr. Ginwala.—It is not merely a question of these 300,000 tons. Supposing the demand for coal should increase as a result of the proposals for the manufacture of more steel in this country—supposing there were more steel works in the country as we hope there will be—that means a demand for two to 3 million tons. Well, if the demand increased, say by 500,000 tons more, the question arises whether in that case you would be able to meet it.

Mr. Bray.—I think so. Of course I can't say with certainty because everything in the collieries depend upon labour supply.

Mr. Ginwala.—If you could give me some idea of the capacity of the mines producing first class coal it would be useful.

Mr. Bray.—We are now down to 18½ tons, we have been up to 21½ tons.

Mr. Ginwala.—I want the potential capacity of the first class mines.

Mr. Bray.—The potential capacity I think is double what it is actually.

Mr. Ginwala.—I want the amount that can be produced in the next two years with your present equipment, full labour supply and full wagon supply.

Mr. Bray.—I should think we can increase our output considerably. Different people would take different views as to the extent, but I think we can increase it considerably with full labour supply, full wagon supply, more machines

Mr. Ginwala.—Not more machines but as you are equipped at present. According to the figures you have just now given, I notice the output has declined?

Mr. Ginwala.—I think we can get back to 21 million tons. That is a 10 per cent. increase.

Mr. Ginwala.—How much of that would be first class coal and how much other coal?

Mr. Bray.—If we had a full wagon supply that would be all first class coal.

Mr. Ginwala.—And you can afford to sell the whole of your output at the pithead price of Rs. 6-8-0 a ton?

Mr. Bray.—In point of fact it is sold below that—not selected Jharia which you are speaking of. First class Jharia is sold a rupee a ton less than that.

Mr. Ginwala.—How much selected Jharia is produced at the moment?

Mr. Bray.—I should have to ascertain that. I think the best figure you can have for this is the Coal Committee's. They have given an average of 32 collieries working Dishergarh-Poniat and 18 working selected Jharia as 475,000 tons a month which can be considerably increased.

Dr. Matthai.—On this question of first class and second class collieries, I should like to get some enlightenment. The point that worries me is this. Supposing we had this depression in the coal trade, it does not follow that the bulk of the collieries that would close down in consequence of the depression would be small collieries?

Mr. Bray.—Some of the large collieries will have to restrict their output.

Dr. Matthai.—If you take, for example, a particular class of coal, say, first class Jharia in the Jharia field, it is a fact, is it not, that that quality of coal would occur at different levels in the coal area?

Mr. Bray.—Yes.

Dr. Matthai.—And the same quality may be worked both by large collieries and by small collieries?

Mr. Bray.—Yes.

Dr. Matthai.—Supposing you had a small colliery working first class coal at a higher level and a large colliery working the same class of coal at a lower level, it seems to me that the disadvantage that the small mine owner has because he is working on a small scale is neutralized by the fact that he is raising his coal at a higher level and therefore his raising costs are lower. Now, you see, if the depression continues the business that goes out of action because it is uneconomical is not the small business. The business that goes out of action is the second class colliery, not the small colliery.

Mr. Bray.—Yes, the colliery that produces second class coal. Even big colliery companies had to close down their mines which raised second class coal. That is precisely my point, big collieries as well as small collieries.

Dr. Matthai.—The question is really a question of quality and quality.

Mr. Bray.—Yes.

Dr. Matthai.—There is one other point. You have proposed a very modest duty of Rs. 1-8-0 per ton. Is it quite impossible that South Africa may distribute this extra over their various costs so that South African price may not go up? Your primary object is to increase your sales in the Bombay market.

Mr. Bray.—Our object is Indian coal for India.

Dr. Matthai.—Your primary object is to increase your sales in the Bombay market. If you want to do that you ought to displace South African coal. South African coal can only be displaced if the price goes up?

Mr. Bray.—Exactly.

Dr. Matthai.—The price of South African coal may not go up because there may be a slight increase in the rebate, there may be a slight lowering of South African freight—I don't know their margin of profit at the pithead—they may make a small reduction and distribute this small sum of Rs. 1-8-0 over various charges and the result would be that South Africa sells at the same price again.

Mr. Bray.—They have to take that Rs. 1-8-0 off their railway freight which has already been brought down considerably—they bring their Transvaal coal 276 miles for Rs. 4-4-5 and can they very well reduce this by Rs. 1-8-0?

Dr. Matthai.—I have seen a statement that the South African railway charges are likely to undergo radical revision.

Mr. Bray.—I think their raising cost is lower than ours but it is very difficult to get the raising cost. In any case how long will they go on selling at a loss?

Dr. Matthai.—But you know that no coal producing country has got such tremendous advantages as South Africa and therefore it seems to me that it is not an absurd presumption to make.

Mr. Bray.—If they are using India as a dumping ground, they will sell their coal under cost. We are prepared to face that. If we cannot get the Bombay market with Rs. 1-8-0 let South Africa have it.

President.—I don't think there is much room left for cutting their prices further. They are already cut to the bone.

Mr. Bray.—The South African Coal Commission's Report written in 1924 says "The resumption of normal conditions will undoubtedly give renewed opportunities to South African collieries to extend their market. The cost of production owing to high wages must for some time remain high compared to the cost of mining coal in South Africa." Then later on they say "The bulk of the export coal was destined for ports in the East and the West Coast of Africa, in the Indian Ocean, and in South America which may reasonably be termed South Africa's principal and natural markets." I don't agree that Bombay is a natural market for South Africa.

President.—Mr. Ginwala was drawing your attention to the imports (Appendix II), and said that there was no decrease in the other coal but a slight increase in the demand for Indian coal. One has got to correct that a little because the imports by rail in the year 1921-22 of Indian coal into Bombay was 348,000 tons by sea, but in addition there was 247,000 tons by rail. In 1922-23 there was very low import by sea, 89,000 tons, but 181,000 tons by rail. Next year there was an increase from 89,000 tons to 126,000 by sea but there was a fall from 181,000 to 99,000 tons rail.

Mr. Bray.—Yes, trade is getting back to its old routine. I put it in this form. I coined three phrases. Higher exports mean higher raisings, higher raisings mean lower costs, lower costs enables collieries to quote lower selling prices.

President.—I don't admit the third. It seems to me that your price has very little to do with the raising cost of coal. At a time when a number of people have got to sell below cost, it is very difficult to say that a reduction in somebody else's cost would ultimately enable collieries to quote a lower selling price. Supposing this additional 300,000 tons enables a few mines to reduce their cost, the total effect on the average cost of raising is not going to be very great.

Mr. Bray.—Yes, it is going to be very small.

President.—Before I leave this question of price I want to make sure what exactly the prices you have quoted in answer to question 34 are. In the first place you have put 1925. It ought to be 1923.

Mr. Bray.—We are sorry. We have noticed it.

President.—The Indian Mining Federation gave a list of the prices which they said their members were actually getting for their coal at that date, and they believe the Association has taken into account the price payable under the coal contracts. I thought it was very improbable but I undertook to ask you about it.

Mr. Bray.—These prices we have quoted have a very solid foundation.

President.—If you look at the production and consumption figures in the official publication you will find that in November 1923 the price of first class Jharia coal is given at Rs. 9 per ton, our figure is Rs. 9-8-0 only, a variation

of 8 annas, and if you look at the second class coal figure in the Indian Trade Journal you will find that it is given as Rs. 5-8-0 to 6-8-0 and we have put it at Rs. 6-8-0. I can give you actual proof of business done at that date if you want it. I can also give you proof of business actually done in selected Jharia in November 1923 at Rs. 10-8-0 a ton.

President.—It agrees with my recollection from what we had heard during the steel enquiry.

Mr. Bray.—I merely wish you to know, when there is this difference, that our figures are based on very solid foundation.

President.—I think we might now go on to the question of the additional market that the protective duty might give you. You have told us already that you think a good deal of British coal would continue to come in in spite of the duty, for example, for Admiralty purposes and the Welsh coal I take it is largely for bunkering?

Mr. Bray.—Yes in Bombay.

President.—We put a good many questions to the Federation as to how far it was likely that they would be able to capture the bunkering trade in Bombay and Karachi; that was on the basis of their answers in which they said they believed that the duty which they proposed would give them an increase in price of about Rs. 2 a ton.

Mr. Bray.—We differ from that.

President.—And therefore it is no use asking you whether the increase in price would prevent you from getting the bunkering trade because your immediate reply is that there won't be any increase in price. I take it that in any case, even supposing you had got the domestic consumer in Bombay, you might be able to get a little more from them, but if you found that you were in danger of losing the bunkering trade by raising your price, you would accept a lower price?

Mr. Bray.—Our whole object is to capture this market. As we said in the memorandum our aim is to keep out of India the 300,000 tons of African coal now imported and to replace it by Indian, and we approach the question of import duty from that point of view.

President.—That is the intention of the authors of the scheme, but how would it actually work out? There are other people who will naturally make as much money as they can out of it.

Mr. Bray.—Therefore we will deal with conditions as they exist to-day, and that is there is fierce competition.

President.—I don't want to re-open the question, I am trying to bring out your point. As regards competition with other power, can you give us any information about the price of fuel oil?

Mr. Bray.—I don't think we are really in competition with fuel oil.

President.—The only thing we wanted to know was, what was the price of fuel oil in Bombay?

Mr. Bray.—It is round about Rs. 50 a ton.

President.—Would that be c.i.f. or landed and duty paid?

Mr. Bray.—I am afraid I cannot tell you. I have not got exact information. But the rough calculation is that with coal at Rs. 18 a ton and taking two tons of coal to give the same result as 1 ton of fuel oil you get Rs. 36 against Rs. 50.

President.—There are no doubt particular kinds of work in subsidiary industries for which oil is much the most convenient fuel.

Mr. Bray.—There are other advantages in using oil.

President.—At present it is not really a very important question and a small increase in the price of coal would probably not make very much difference.

Mr. Bray.—A small increase in the price of coal will not make much difference.

President.—I hope to get fuller information from the Millowners' Association, Bombay, about hydro-electricity. There again I have not many questions to put to you.

Mr. Bray.—They have been talking about oil in England in connection with the recent coal enquiry.

President.—Taking the causes which have brought about the necessity for protection the position is this. In your answer to question 1 you tell us about the high output of 1924 "which coming to a market which could not absorb it, this extra quantity in 1924 accelerated the fall in prices."

Mr. Bray.—That is so.

President.—I was a little surprised at that because I had not realized before that there had been actual over-production so to speak.

Mr. Bray.—That is so, but I am afraid I can't give you exact figures.

President.—The Federation representatives told us that according to their information stocks at the mines were much less now than they were in either November 1924 or in November 1923. Your stocks are 100,000 tons higher than last year.

Mr. Bray.—100,000 tons is neither here nor there. By the time some of the coal is loaded it is nothing but slack.

President.—Then there is no evidence of accumulation of stocks in the coalfields?

Mr. Bray.—India can absorb 18½ million tons of coal. If our output goes up surplus raisings go into stock.

President.—It is perfectly a practical point I am asking you. If you say that there was over-production in 1924 all I want to know is, if the coal was not absorbed where was it?

Mr. Bray.—A good deal has already turned into dust and slack.

President.—There is no sign in the figure of any particular accumulation in the mines. Are stocks higher in Calcutta for instance than is customary?

Mr. Bray.—A good deal of it is already lost. As you say, it ought to be in the return of stocks, if not there it must be somewhere. A great many of the concerns in view of their past experience built up huge stocks whenever they had a chance. The pressure of railway traffic is greatest in the early months of the year and I think you will find from the figures that much more coal was despatched in the early months of this year than ever before in the same period of any other year, because wagon supply was so good.

President.—The kind of inference I should be inclined to draw from that would be that possibly the output of 1924 was rather greater than the actual consumption and similarly the output of 1925 was slightly lower than the actual consumption.

Mr. Bray.—Possibly.

President.—The increase in despatches was greater and therefore the stocks that have accumulated must be somewhere else.

Mr. Bray.—I think you will find many manufacturing concerns were holding large stocks.

President.—The fall in the price is not due so much to actual over production, as to the excess capacity of production combined with better facilities for getting the coal away?

Mr. Bray.—Directly you get a little over-production, even a small over-production, there is very considerable pressure on the sellers to sell, and if you have free competition between the firms as there is at present, the price will come down anyway. The prices were very high. There has been a fall in the price all over the world. In India too there has been a fall. In this connection may I draw your attention to our answer to question 3?

President.—What I was suggesting rather was that the important thing was not that too much coal was produced, but that it could be produced if there were purchasers.

Mr. Bray.—We can produce more coal.

President.—That is the point. That is hanging over the market.

Mr. Bray.—Not only that, but as time goes on, it will become plainer than ever. Now Railways take $\frac{1}{3}$ rd of the total production. They are developing their own collieries very rapidly which restricts the market for privately owned collieries.

Mr. Ginwala.—Do you expect them to produce all the coal they require?

Mr. Bray.—The estimated output of the railway collieries is as follows:—

										Tons.
1925	.	.	.	.	.	.	.	.	.	1,930,000
1930	.	.	.	.	.	.	.	.	.	3,210,000
1933	.	.	.	.	.	.	.	.	.	Over 4,000,000

Now we have another form of competition and Tatas are now selling coal.

President.—Unquestionably they have been selling considerable quantities of coal for some years. It is not a new thing. That came out in the steel enquiry in 1923. They were then selling a great deal of their coal they raised, and buying a great deal of other people's coal.

Mr. Bray.—I should like to see that.

President.—I think you will find it in the steel evidence.

Mr. Bray.—They are now competing with the other privately owned collieries for railway contracts.

President.—I don't see how it interferes with the matter. They are coal producers like other coal producers.

Mr. Ginwala.—They are buying your coal and they are selling some of their own coal.

President.—They are also selling part of the coal they are buying. They are not making much.

Mr. Bray.—The fact is that they are competing.

President.—They are merely a private firm. Also there is this to be said. They are absorbing the output of several other mines. I don't see there is any particular inference to be drawn from that. The point is the development of railway collieries.

Mr. Bray.—The inference we draw from the development of railway collieries is this. Railways are in a very exceptional position. They have unlimited capital. They are not exposed to the risk of losses. They are at the same time large consumers.

President.—There is no particular use in raising that point. We are not going to enter into the question whether railways should develop their own collieries or not. How does it affect our enquiry?

Mr. Bray.—The more coal railway produce for themselves the less business there is for the privately owned colliery.

President.—How does that affect the proposal you make?

Mr. Bray.—It is only an answer to your question.

President.—Do you consider as your market is steadily diminishing that Government ought to take steps to give you the market?

Mr. Bray.—I am giving you that as an explanation for a fall in price.

President.—That only means excess capacity to produce.

Mr. Ginwala.—As railways are producing their own coal, you must get as much market as possible at the other end.

Mr. Bray.—Exactly.

President.—I take it the depression in the shipping trade affects your bunkering in Calcutta as fewer ships come in

Mr. Bray.—I have not looked at the figures. I think it would be found to be so.

President.—Unless ships burn oil, ships coming to Calcutta will bunker in Calcutta. As compared with the other ports in the east, Calcutta is the cheapest bunkering port. If they come they will bunker here I take it.

Mr. Bray.—Yes.

President.—As regards the industrial depression in India itself, what part of the industrial depression has affected the demand for coal?

Mr. Bray.—I have seen the Federation's answer to this question. They talk about small industries.

President.—They were not referring to organised industries like the Jute industry. They talked about the disappearance of most of the boom industries. In that sense undoubtedly there is depression, but on the other hand the boom industries lasted for such a short time that they hardly reached a stage of becoming normal. They were evanescent phenomena.

Mr. Bray.—There is the industrial depression, great or small.

President.—Protection for steel has increased the actual demand for Indian coal rather perceptibly.

Mr. Bray.—That has become a normal market.

President.—You were not entitled to it in 1923. Had protection been withheld, the market would have gone down to the extent of 1,200,000 tons as compared with what it is to-day.

Mr. Bray.—Yes.

President.—Assuming that they still go on producing pig iron.

Mr. Bray.—They draw their supplies to a large extent from their own collieries.

President.—Most of their collieries were producing coal before that.

Mr. Bray.—That would have to come on to the market.

President.—The output of their biggest collieries in the last three years has been less than it was in 1918-19.

Mr. Bray.—That only emphasises the importance of getting a market for additional 300,000 tons.

President.—If the railway colliery production is going up by that amount each year, it will only preserve one lot of mines for about one year and they go down next.

Mr. Bray.—I know that is the serious feature of the present situation.

President.—I don't lay any stress on that point because it is not before us. What it comes to is this that the protection you ask for is not really a remedy for the loss from which the industry suffers; it is only an alleviation.

Mr. Bray.—Yes, only an additional market.

President.—As regards the conditions laid down by the Fiscal Commission you say in your answer to question 22 that it satisfies the second condition that without protection it will not develop at all, or will not develop so rapidly as is desirable in the national interest. In the first place my suggestion to that would be that the development has already taken place and all that protection can do for you is to prevent the disappearance of that development. It does not carry you any further forward, but merely prevents you from sliding back.

Mr. Bray.—It will develop with greater rapidity.

President.—It seems to me that the industry has already developed, and perhaps excessively, even without protection.

Mr. Bray.—Do you mean the railway collieries?

President.—That is also a development of the coal mining industry.

Mr. Bray.—Undoubtedly.

President.—It is difficult to say that the condition laid down by the Fiscal Commission is fully satisfied. It is really an abnormal case altogether. Protection will not really promote the development of industry.

Mr. Bray.—I see your interpretation. The development of the industry, you say, has already taken place. But you cannot develop an industry without a market.

President.—You have done it apparently.

Mr. Bray.—We developed it up to a point. We want to continue the development.

President.—It is not to continue the development but to mark time that you want protection.

Mr. Bray.—We advance by getting rid of another 200,000 or 300,000 tons a year.

President.—Surely what the development which the Fiscal Commission were contemplating was the larger use of the natural resources of the country leading to the investment of fresh capital so that these resources would be utilised. But in this case capital has already been invested.

Mr. Bray.—If that is the real meaning of this, surely it must be in the interests of the country if the whole business is kept in the country.

President.—That is a separate question altogether. That is not the same thing as development. To keep something that you have already got is not the same as to develop.

Mr. Bray.—We are only trying to keep the thing we have already got but we are trying to get the additional market.

President.—What I mean by keeping what you have already got is keeping alive the mines that are already working.

Mr. Bray.—We are endeavouring to do so.

President.—That is not development.

Mr. Bray.—Unless we have a market we cannot develop. Development, as a matter of fact, is going on all the time at the mines.

President.—That is a different matter. Every mine has got to develop its seams, otherwise its output will steadily fall off. That again is only just maintaining, and does not necessarily mean to an increased production.

Mr. Bray.—Surely unless we know we have a market, we will not continue to develop.

President.—My suggestion to you is that the Fiscal Commission had something rather different in their minds.

Mr. Bray.—It did not apply to coal mines so much as industries.

President.—Quite. Look at the answer to question 23. The quotation there is made from the Fiscal Commission's report.

"It would not be right to endeavour to procure for an industry such protection as will enable it to compete in every possible market in India, if this involves giving protection appreciably higher than is required for its success in the greater part of the country."

Mr. Bray.—We have answered that question.

President.—It does not answer it, does it? *Prima facie* it is against your claim. That is why your attention was drawn to that.

Mr. Bray.—Does it involve giving protection appreciably higher than is required for its success in the greater part of the industry?

President.—As it happens you don't require any protection in the greater part of the country.

Mr. Bray.—No.

President.—In principle it is just the same.

Mr. Bray.—That is so.

President.—If an industry requires protection to the extent of 20 per cent. in the greater part of the country and (say) 30 per cent. in Bombay, the commission hold that it should not get more than 20 per cent. protection. Can you suggest any special reason why the principle ought not to be applied to Coal industry?

Mr. Bray.—It seems to me to be plain that 200,000 or 300,000 tons of foreign coal that is coming to this country has no business to come here.

President.—That is not so on the principle of discriminating protection.

Mr. Bray.—You want to fit it in with the principles laid down by the Fiscal Commission?

President.—They didn't take the line that the imported coal has no business to come into the country but on the contrary held that once you had protected an industry sufficiently to maintain it in the greater part of the country, you ought not to give additional protection to squeeze out the imported article everywhere.

Mr. Bray.—That view does not appeal to us.

President.—You don't accept that view? I agree you are not bound to accept it.

Mr. Bray.—I don't accept it as applied to Bombay and Karachi.

President.—The Tariff Board didn't propose protection for steel sufficiently high to enable Indian steel to compete in Bombay or Burma. The whole point is this. India is a very large country, though not so big as the United States of America. Even when the protective movement was strongest in America, they didn't protect pig iron to the extent necessary to keep imported pig iron out of California. The principle is the same in India.

Mr. Bray.—They have done so since.

President.—Not as regards pig iron, but possibly as regards steel.

Mr. Bray.—I don't know whether it is a direct or an indirect answer to the question. The Coal industry is in such a position that we must take care of every market within our reach.

President.—It comes to this, does it not? If there were not this excess productive capacity, the price would be substantially higher and the industry would be well off. Then it would not be necessary to ask for an exceptional measure.

Mr. Bray.—Except, as I say, an outlet for coal is just as important to us sometimes as price.

President.—Are not they closely connected?

Mr. Bray.—They are very closely connected.

President.—If you did not want the output so badly, the price would be higher.

Mr. Bray.—Owing to the increased output, lower costs would be the result.

President.—That leads up to the 3rd condition laid down by the Fiscal Commission. "The industry must be one which will eventually be able to face world competition without protection."

You say you can.

Mr. Bray.—I think we can.

President.—In what sense? This is one of the fundamental principles laid down by the Fiscal Commission.

Mr. Bray.—Once we have got the market, we can take care of it. We have seen exactly what has happened in Colombo. When the embargo was put on shipments to foreign ports, South African coal got into Colombo and Indian coal is finding it exceedingly difficult to get back. If we get back to Colombo, it is possible that we could hold that market. If we displace the African coal in Bombay, we can keep Bombay even without protection. But I don't think we can do it at present.

President.—It is very important that we should get quite clear about it. Are you asking this duty as a permanent measure or as a temporary measure intended to meet a temporary emergency? Is it your case that the necessity for protection will disappear when you have once got the control over the market and got people reaccustomed to Bengal coal and so on? Do you think then you would probably hold it without duty?

Mr. Bray.—Yes. In that connection I think the Grading Board will be of assistance.

President.—I hope so.

Mr. Bray.—It is dependent on a proper wagon supply. Without a proper wagon supply we cannot ship the quality of coal that the buyer wants in Bombay.

President.—Supposing the duty were imposed for a limited period, what would you suggest in that connection?

Mr. Bray.—Five years.

President.—In two years South Africa seems to have got a firm hold of your overseas markets; why do you want five years?

Mr. Bray.—The embargo made it easy for them.

President.—There was no embargo in Bombay. We are talking of Bombay.

Mr. Bray.—But shipments were made to Bombay under license. It was a question of railway transport.

President.—Let me again draw your attention to this that at that time 45,000 tons of coal went by sea and 968,000 by rail.

Mr. Bray.—That accounts for the difficulty of shipping coal.

President.—The period seems to be long.

Mr. Bray.—You have asked me to give you a period and I said five years. It doesn't mean that I don't think it could not be done in less time. I think it can.

President.—The question I put was one which was natural in the circumstances, viz., that South African coal appeared to have got hold of all the markets in a very short time.

Mr. Bray.—They made very great efforts. They organised themselves very well indeed for that purpose. I should think that the general feeling of our members would be that they would like to have a period of five years. There is also the general feeling that it could be done in less than five years.

President.—If any mistake is made you would rather have it made in the period being more generous than in the period being restricted.

Mr. Bray.—I can hardly answer the question put in that way.

Mr. Bray.—For Bombay and Karachi business is being done at Rs. 16-4-0 and Rs. 16-8-0.

Mr. Ginwala.—Is that c.i.f.?

Mr. Bray.—Yes.

Mr. Ginwala.—That is nearly equivalent to Rs. 18.

Mr. Bray.—If you take the difference between Rs. 16-8-0 and Rs. 18-0-0 which is my price, you can get some idea as to what f. o. r. price a seller can get for his coal.

Mr. Ginwala.—Is it since the reduction of freight from Rs. 8-4-0 to Rs. 6-4-0?

Mr. Bray.—Quite recently, last month.

President.—What Mr. Ginwala wants is what is the proper freight to take?

Mr. Bray.—I cannot give you the exact freight rate. It is other people's business. It leaves at the pithead I might say from Rs. 5 to Rs. 5-8-0 a ton

which shows that the seller, situated as he was, was willing to sell that particular cargo to Bombay at that very low price.

President.—You will send as a statement about these prices?

Mr. Bray.—I don't propose to, because I cannot of my own knowledge.

President.—I thought I understood you to say that the members of the Association would have no objection. I suggested that it was not necessary to disclose the names of particular mines.

Mr. Bray.—I will see them again.*

Mr. Ginwala.—We want evidence of actual transactions.

Mr. Bray.—That is an actual transaction, Rs. 16-4 to Rs. 16-8.

President.—The only definite information we have got for Jharia coal is that given by the Federation on page 16 of their pamphlet. They don't say selected Jharia. They say first class Jharia. Perhaps you could tell us what it is.

Mr. Bray.—It is selected Jharia.

President.—That would be selected Jharia?

Mr. Bray.—Yes. The price for selected Jharia was Rs. 18-8-0 in July 1925. It has come down since. Of course there has not been much business done.

President.—I know.

Mr. Bray.—If you go back to the statement we sent in you can easily calculate what Rs. 18-8-0 is made up of.

President.—Rs. 12 is what we agreed to take as the figure for transport charges. But Rs. 11-4-0 is what you gave.

Mr. Bray.—I should like to explain here. As regards the wastage it is a very variable item. Insurance varies for each port and in some cases sellers are content to pay their agents out of the price they receive for their coal. I am trying to explain the differences—the way we made up these two figures.

President.—We cannot proceed except on some sort of a basis.

Mr. Bray.—It all depends on what you like to include.

President.—The chief supplementary information we are anxious to get is the c. i. f. prices at Bombay, Karachi, Madras and Rangoon for Indian coal. Selected Jharia and Dishergarh are the ones in which you are chiefly interested.

Mr. Bray.—Might I send you a statement showing the prices at the four ports and the items that we put into each?*

President.—We have got the details which go to make up the transport charges. What we want to know is the c. i. f. price at which business is done. The evidence about Rangoon and Madras is of great importance as showing what would happen under the protective duty in Bombay and Karachi?

Mr. Bray.—Yes.

President.—So to speak you have already got protection at Rangoon and Madras.

Mr. Bray.—How?

President.—Because you have got a reduction in transport charges amounting to more than Rs. 1-8-0.

Mr. Bray.—I follow.

President.—Therefore you are in as strong a position in those ports as you would be in Bombay and Karachi with the duty. Therefore what happens at Rangoon and Madras is very good evidence to show what is likely to happen in Bombay.

Mr. Bray.—I know what will happen.

President.—Try and see what I am after. You said that there would be no increase in price. The answer is that conditions in Madras and Rangoon

* Statement V.

are comparable to what the position at Bombay will be with the duty. What does the Indian producer do under these circumstances? They are both big markets and therefore considerable quantities of coal are affected. That gives you an idea as to what would happen. That is why I am anxious to get the c. i. f. prices.

Mr. Bray.—Am I clear about the duty? If the duty were put on imported coal, it would not affect our price in Bombay.

President.—That is what you say. I am trying to get evidence in support of that.

Mr. Bray.—We must add to our price the extra amount of sea freight.

President.—The point is this. If you can give me the c. i. f. price at which business is actually done at Madras and Rangoon, that is very good evidence. I can then arrive, by deducting the transport charges, at the pithead price at which coal is sold.

Mr. Bray.—I see the point.

President.—It will enable the Board to get a fair idea as to what the producer is likely to do as regards the price of coal after he gets the duty, because he already has in Madras and Rangoon the advantage over imported coal which the duty is intended to give him in Bombay and Karachi, and that is why we ask you to let us have, if possible not only the c. i. f. prices at Bombay and Karachi but also the c. i. f. prices at Madras and Rangoon.

Mr. Bray.—The difficulty about that is that very little coal is shipped to Rangoon and Madras except under contracts made some time ago. You want actual prices at which business is done.

President.—Is all the coal that is going to Madras and Rangoon going under contracts?

Mr. Bray.—Most of it that goes to Burma is for the Burma Railways. The price was fixed a long time ago. Then the freight rates were much greater than they are at present.

President.—Has next year's contract already been entered into?

Mr. Bray.—No, they are asking for tenders. The freight rates will be less than they are under this year's contract.

Mr. Ginwala.—What sort of quotations?

Mr. Bray.—They are asking for quotation f. o. b. Calcutta and alternatively c. i. f. Rangoon. I am very anxious to give you the information you want but I want to give it to you in a form which will be useful to you.

President.—We have already got the transport charges. If we can get the c. i. f. prices at Rangoon and Madras, we can calculate the price you get at the pithead.

Mr. Bray.—All our calculations are made on the pithead price.

President.—We want c. i. f. prices on which business is actually done in Madras and Rangoon.

Mr. Bray.—I see what you want.*

President.—Before I go on to the main points, there is just one small point I want to draw your attention to, and that is this. The total imports for domestic consumption in Bombay and Karachi are very much smaller than they look at first sight. For one thing the return of coal bunkered at Bombay includes only Indian coal. In the first eight months of the current year the amount of foreign coal bunkered at Bombay was 88,000 tons; at this rate it would come to 133,000 tons a year. To that you have got to add 64,000 tons of Indian coal bunkered in 1924-25. The total imports of foreign coal by sea come to 289,000 tons. In the re-exports is included a good deal of bunker coal which is transhipped. Probably three-fourths of the re-exports would be bunker coal which would be transhipped. The remainder which was bunkered

* Statements IV and V.

would be landed. It is only half the coal imported into Bombay that will be used for domestic consumption in Bombay.

Mr. Bray.—I follow.

President.—As regards Karachi, the position is much worse. Out of the total imports of 180,000 tons, Bengal and foreign, I think that the domestic consumption there is not more than 60,000 tons. The final result is that the net amount you can get at is a little more than 200,000 tons.

Mr. Bray.—I have not put the figure higher than 200,000 to 300,000 tons.

President.—I am not suggesting that you have. If you don't raise the price you can get a good deal of the bunkering trade anyhow.

Mr. Bray.—That is our estimate of the situation.

President.—I did not know until very recently that the coal bunkered at Bombay as shewn in the returns was only Indian coal.

Mr. Bray.—I may say in your conversations with the Indian Mining Federation you consistently talk about 500,000 tons.

President.—It is their figure. We pointed out to them that their figure seemed to be very high but for purposes of discussion as they would not admit that, one had to use their figure. I quite understand that your position is different.

Mr. Bray.—Our position seems to be different in another respect. They seem to be anxious to benefit by the import duty in price. They seem to be anxious to take one or two rupees per ton out of the import duty. We are not proposing to do anything of the kind.

President.—The real question is not what you intend but whether you can do it.

Mr. Bray.—Yes. At the moment as a result of keen competition between the different firms, coal is sold at Bombay at Rs. 16-4-0 and Rs. 16-8-0 which leaves the producer hardly his raising cost.

President.—Now I want to get to my final point which is in some respects the most important of all. This morning I put you the Federation's figure that the Indian producer ought to be able to sell at about Rs. 17 a ton c. i. f. Bombay. That only leaves the producer Rs. 5 a ton at the pithead, but as soon as the Grading Board begins to work early in January, it would leave him as much as Rs. 5-12-0.

Mr. Bray.—Yes.

President.—According to the evidence we have had, it is apparent that the Indian producer is prepared to go down to a price which only leaves him Rs. 5-4-0 or even less than that.

Mr. Bray.—He must find an outlet for his coal.

President.—But then the point is rather this that with the Grading Board's certificate you ought gradually to be able to displace South African coal without protection.

Mr. Bray.—I think I have already admitted that we hope to do that.

President.—At Rs. 17 a ton you have got an advantage, after the coal is actually landed, of Rs. 1-8-0 a ton over Natal coal.

Mr. Bray.—I would like to stick to the table which we have given on page 4 of the Memorandum.

President.—I am not on the question of what advantages you have. I am only looking at it from the point of view of the consumer. If Natal coal is sold at Rs. 18, you are prepared to sell at Rs. 17 a ton and as the Natal coal pays a duty of 8 annas, you will have an advantage of Rs. 1-8-0. As I pointed out, from January onwards you will have Rs. 5-12-0 at the pithead and with the certificate given by the Grading Board you ought to be able to displace South African coal gradually without protection.

Mr. Bray.—Yes, unless the buyer continues to think that Natal coal is better than Indian.

President.—The buyer has no interests in his prejudice so to speak. I take it that he is not a malicious person. He merely prefers South African to Indian coal because he honestly thinks so.

Mr. Bray.—He considers it to be the cheapest and best.

President.—Naturally it comes to that. According to the Coal Committee, provided the coal is up to sample there is precious little in it.

Mr. Bray.—But we have still to overcome the prejudice.

President.—Quite. I take it that the position of the Mining Association was that although that might happen gradually, the process would be slow.

Mr. Bray.—It is proving very slow.

President.—You would like to have something more done.

Mr. Bray.—Yes.

President.—But for the existence of the feeling in the mind of the Bombay consumer that South African coal is better, you could realise at Bombay in competition with Natal Rs. 18 a ton, because the eight-anna duty would counter-balance any slight real difference in favour of Natal whatever it might be.

Mr. Bray.—Yes.

President.—In that case the producer would be able to realise as much as Rs. 6-12-0 at the pithead. So what it comes to is this, if there were no prejudice there would be no need for protection.

Mr. Bray.—No, if there weren't.

President.—That is to say, at the price at which the producer would be able to sell, he would be already holding the Bombay market.

Mr. Bray.—Yes. I was going to say it all depends on how far the South African seller is prepared to come down. He has his surplus production.

President.—He may cut his price a bit in the other markets at Colombo and Singapore rather than do it here. A smaller cut might be more effective in those places.

Mr. Bray.—I do not know what price he gets in his own country. He raises more coal than he wants. He must find an outlet for it. He is exactly in the same position as we are in. We are trying to shut him out. We cannot send coal to South Africa.

President.—If it be the case that the need for protection arises out of prejudice, it is important for us to consider how it originated, that is why we put that question in the questionnaire—how far the feeling in the mind of the consumer was justified by the condition and quality of the coal actually sent?

Mr. Bray.—The coal exporter has been under considerable disadvantages. He had to load his steamer in a reasonable time. He could never rely on a proper supply of wagons till this year. It was almost impossible to load a cargo from one colliery. There were few collieries which could load a cargo in a reasonable time. The loading of a steamer might sometimes have taken a fortnight. So, in the conditions that then existed, a cargo was supplied from, usually, 5 or 6 collieries. It was a mixed cargo. Under the Grading Board, the purchaser will have the opportunity of selecting his collieries and his grade, and those particular collieries will get preference for shipment. They will get a preferential supply of wagons. The prejudice was created by the mixed cargo, and we cannot overcome this prejudice until the consumers have had these graded cargoes.

President.—I see you attribute it to this mixed cargoes which were sent in the early days after the war.

Mr. Bray.—That is the general statement.

President.—Do you think that it was definitely in those years 1919-20 and 1920-21 that the prejudice arose?

Mr. Bray.—The Bombay buyers have already said so.

President.—It is a fact that prejudice exists.

Mr. Bray.—Yes.

President.—As far as you know, it did not exist before.

Mr. Bray.—No. It undoubtedly was created by the quality of the coal that was shipped.

President.—But then there is a difficulty there. In those two years very little coal went to Bombay by sea and a very large amount went by rail.

Mr. Bray.—I would not like to be pinned down to those particular years. It could be traced to the days when shipments were more freely made to Bombay.

President.—968,000 tons went by rail and 45,000 tons by sea, so that at the time when the prejudice arose they were getting a great bulk of their supplies by rail and not by sea.

Mr. Bray.—I do not know. The prejudice is there as you say. The Bombay buyer has in the past had some mixed cargoes.

President.—What I am suggesting to you is that there is a good deal more than that. I think that in every enquiry that the Board have made, witnesses have spoken of the great deterioration which took place in the quality of Bengali and Bihar coal at the end of and just after the war. In the steel enquiry, the paper enquiry and the cement enquiry, there was always the same complaint.

Mr. Bray.—How could that be?

President.—It is not a question of how could it be. It is a question of what it was. If you look at our Steel Report you will see between 1916-17 and 1921-22 the increase in the quantity of coal required per ton of pig iron and per ton of coke.

Mr. Bray.—The Steel Company of which you are speaking had that matter under their own control. They had their own collieries.

President.—A very large proportion of coal which they used was coal purchased under contracts. Apparently the quality of the coal bought under contracts was not satisfactory.

Mr. Bray.—I could only put the blame on the buyer. Tata's were getting the quality they bought. They may have been using a larger proportion of purchased coal than their own. As regards paper mills and other concerns, if they had gone to the right colliery, they would have got the right quality.

President.—From everything that has come to my knowledge it appears that during those years there was almost universal dissatisfaction with the quality.

Mr. Bray.—I consider then that we have found a remedy. I hope that those buyers, mills and steel companies, will make use of the Grading Board. If they do that, there will be no difficulty.

President.—I think you are missing my point. What I am leading up to is that, in so far as the industry itself is responsible for this prejudice, you cannot reasonably ask Government to come to its rescue.

Mr. Bray.—The coal industry must take part of the responsibility. The Railways also must take part of it. You see the Bombay consumer wants a cargo. The seller on this side is anxious to send it. Working under present conditions, that coal can be loaded from one colliery or two collieries. Selected Jharia can be sent. Dishergarh can be sent. The steamer can be loaded in a reasonable time. Under the conditions that existed in 1922 and 1923, it was impossible.

President.—I have already pointed out that at the time when the prejudice arose, coal was going by rail and not by sea.

Mr. Bray.—In that case, it was not coming from the right colliery.

President.—The complaint of the Bombay consumer was that he was not supplied what he was promised.

Mr. Bray.—If he says that, I cannot say anything.

President.—He has no interest in buying South African coal, if it does not pay him. It is only that he honestly thinks that it is better.

Mr. Bray.—We have found a remedy for that I think. We have to get rid of the prejudice. We are simply getting back to the same question.

President.—Why then ask for another remedy? I am perfectly ready to hear anything you can urge before us, and that is that it is not really the coal industry that ought to be blamed for the existence of the prejudice. Circumstances at the time were such that the coal industry could not help itself.

Mr. Bray.—That is so.

President.—What you have said about the difficulty of shipment coal has a very direct bearing on the subject, but my point there is that more coal was going by rail than by sea.

Mr. Bray.—But the evidence you have taken is that the dissatisfaction was with the railborne coal.

President.—Pardon me, it was your statement and that of the Federation that the prejudice arose during the immediate post war period owing to mixed cargoes.

Mr. Bray.—I don't think it arose then; I say it probably existed then and that mixed cargoes created the prejudice.

President.—How can it be so? There were very few cargoes going during the years immediately after the war, and more was going by rail and very little by sea.

Mr. Bray.—I can't say. There should have been no prejudice against railborne coal. If the coal had been hought from the proper colliery there could have been no cause for complaint.

President.—The evidence taken by the Coal Committee was to the effect, I think, that the consumer could not rely upon getting what he paid for.

Mr. Bray.—If the consumer bought coal from a selected Jharia colliery by rail, he could not help getting it.

President.—I am afraid they did not get it, apparently at a time when the great bulk of the coal was travelling by rail.....

Mr. Bray.—If he bought selected Jharia by rail he must get it. The Grading Board will now see to that for them.

President.—Are there not cases where the Bombay consumer could not get what he actually asked for and paid for?

Mr. Bray.—Under the old system, yes. But if he buys from such a colliery he takes that risk.

President.—I don't think he takes that risk if the seller guarantees that it is selected Jharia. The responsibility rests with the seller. I fully recognize that it is hard on those who do business honestly if their reputation is affected by what other people do, but still in the interest of the consumer in Bombay it is a little hard on him because he was not supplied with what he was told he would get to compel him to buy in India.

Mr. Bray.—It is more a question of fact than anything else, the prejudice is there.

President.—The difficulties that the applicants for protection have got to meet is that, in so far as the existence of this prejudice is due to the condition and quality of the coal which was supplied to Bombay and Karachi, to that extent it is their own business to overcome that prejudice now that they have been given a rebate under a Grading Board.

Mr. Bray.—Yes, that is what the Coal Committee said. But I can't see how South African coal is to be excluded unless we can get some measure of protection for some time?

President.—You are going on the principle that it ought to be completely shut out. I don't find any clear justification for that. Another 100,000 tons in Bombay would give you the same percentage of the consumption as you had before the war.

Mr. Bray.—I cannot help thinking that it is something like the Safeguarding of Industries.

President.—What we are called upon to recommend is discriminating protection and that is why we are always referring to the conditions laid down by the Fiscal Commission. On the principle of out and out protection you could go the whole hog and imported coal ought to be shut out altogether, but under the principle of discriminating protection each case has to be examined on its own merits under the conditions laid down to see whether it is a suitable case.

Mr. Bray.—Well, the necessity exists. The Indian coal trade at present needs all the markets it can get.

President.—I compared the statistics for 1920 with the statistics for 1924 and found that in the latter year there were, I think, over 200 collieries which were producing coal in 1924 and not producing coal in 1920, and they produced about 2 million tons.

Mr. Bray.—The Coal Committee dealt with that. You have a very different state of things to-day.

President.—So that there is a biggish development of new mines by people who no doubt hoped to make a profit. If that is the case, can Government be fairly asked to help them.

Mr. Bray.—There has been over-production, but these have been second class collieries for the most part. 140 collieries have closed down in the last two years.

Mr. Ginwala.—Your case is this, as far as I can understand it, that this duty of Re. 1-8-0 you are asking for will not go into the pocket of the collieries?

Mr. Bray.—No. We are just as much concerned in finding an outlet for our coal.

Mr. Ginwala.—And your main object is not so much to get Re. 1-8-0 but to shut out foreign coal, especially South African coal, which competes in this country?

Mr. Bray.—Yes.

Mr. Ginwala.—That being so, your application is really not like an ordinary application for protection?

Mr. Bray.—I feel like a free trader masquerading as a protectionist!

Mr. Ginwala.—If we are asked to deal with it as an ordinary application for protection, the first objection would be that you already have 95 per cent. of the market and that you are not entitled to protection merely to get the remaining 5 per cent.

Mr. Bray.—No.

Mr. Ginwala.—Your idea is that even if it costs the consumer a little more than what he is paying now, there is no reason why he should use South African coal.

Mr. Bray.—No. We say use Indian coal. If there is a little difference in quality you must put up with that.

Mr. Ginwala.—One point that requires a little bit of consideration is this. Assuming that you got this extra duty of Re. 1-8-0, we must be satisfied that it would fulfil your expectations, that is to say, that it would enable you to capture this additional market. You remember the South African Coal Com-

mission. The impression left on my mind after reading it is that they regard the Bombay market and Aden and Colombo markets as legitimate markets for South African coal.

Mr. Bray.—Yes, that is what they say.

Mr. Ginwala.—They say that these markets roughly amount to about 2 million tons of coal and in order to capture those markets they suggest certain measures to be adopted.

Mr. Bray.—They gave a rebate on rail freight.

Mr. Ginwala.—Assuming that it is the intention of South Africa to retain these markets which they consider as their legitimate market, would it not follow that even if you got this duty of Re. 1-8-0 extra, they would still compete against you by reducing the price and prevent you from regaining the market?

Mr. Bray.—They can only do that by reducing their railway freight or the price they can get for their coal or both.

Mr. Ginwala.—Assuming that the South African Government is at the back of the competitors, is it unlikely that they might continue to cut down prices and prevent you from getting the benefit of this duty? In that case either you must ask for more duties or you must be prepared to cut down your prices. Leave alone the question of more duties which will mean another enquiry. . . .

Mr. Bray.—We would not be prepared to ask for more duties.

Mr. Ginwala.—Supposing the South African Government gave a bounty what would you do?

Mr. Bray.—We will deal with that situation when it arises.

Mr. Ginwala.—Your opinion then, I take it, is that South African coal cannot afford to pay this additional duty of Re. 1-8-0 and still compete against you?

Mr. Bray.—If it does, they must be selling at a loss.

Mr. Ginwala.—And we must assume that they are not willing to sell at a loss, is that your view?

Mr. Bray.—I should think so.

Mr. Ginwala.—As regards this prejudice, when do you think this prejudice really came into play against you?

Mr. Bray.—We made shipments to Bombay off and on for a long time and I think there has always been a certain amount of prejudice against mixed cargoes. At the same time I think the coal shipper is entitled to a certain amount of sympathy owing to the difficult conditions under which ships were loaded in past years by reason of the uncertain and short wagon supply.

Mr. Ginwala.—It began to take effect on a considerable scale about 1922, did it not?

Mr. Bray.—You mean on the members of the Association?

President.—The total amount of foreign coal imported into Bombay in 1920-21 was 43,000 tons and it was over a million tons when the prejudice became effective.

Mr. Ginwala.—The South African Coal Commission sat at the end of 1920 and it reported some time in 1921, but the South African Coal Grading Bill was actually passed in 1922.

Mr. Bray.—Yes.

Mr. Ginwala.—Would not that to some extent account for the prejudice getting established? You had the Bombay market before, the South African coal had also their foreign markets.

Mr. Bray.—Yes, they had just the same trouble as we experienced.

Mr. Ginwala.—But it appears from the Coal Commission's Report that there was a sort of prejudice more or less against South African coal. Then the South African Grading Board enabled them to come in. Your coal was

not then graded, would it not follow that the Bombay consumer then began to say that the South African coal was graded while the Bengal coal was not, and apart from any other consideration, they began to take South African coal.

Mr. Bray.—I think we have already got as far as that. He gets graded coal from South Africa; he will shortly get graded coal from India now.

Mr. Ginwala.—I mean as the position stood then. Is it not a fact that the South African coal came to be graded just at about the time it began to come into serious competition with the Bengal coal.

Mr. Bray.—That is true.

Mr. Ginwala.—Even before the South African Coal Grading Bill was passed there was some sort of grading arrangement I understand, among 9 collieries "to ensure that the collieries furnish coal which is up to the calorific standard required and which is also satisfactory in respect of freedom from shale, pyrites and duff" (page 20, paragraph 93 of South African Coal Commission's Report, 1921).

Mr. Bray.—May I just draw your attention to paragraph 12 of that Report. They say "Evidence has been led before the Commission to show that the insufficiency of railway facilities was an important contributory cause of the slow growth of the South African coal industry." . . . "The Commission has it in evidence, however, that the railway facilities have been considerably increased."

Mr. Ginwala.—That also would naturally give the South African seller of coal some advantage over you. So it seems to me that what has really caused this prejudice may be the absence of any coal grading arrangement in this country, as against the existence of it in South Africa.

Mr. Bray.—Yes, mixed cargoes. If you send cargoes from the proper colliery you get proper quality, but if you send mixed cargoes from mixed seams you create a prejudice against yourself.

Mr. Ginwala.—With regard to this grading of coal you know that in South Africa it is compulsory, so far as export is concerned. Would you be in favour of compulsion in this country?

Mr. Bray.—No. I am already committed to the other opinion. As a matter of fact in this country there are great advantages to be granted to the exporter of graded coal, these rebates we were speaking of. If a seller does not grade his coal he does not get this rebate. He is at a disadvantage of 12 annas a ton.

Mr. Ginwala.—If a duty is put he does not care if there is no rebate on freights at all. He may take advantage of the duty to send anything he likes.

Mr. Bray.—I can't imagine any buyer in Bombay buying any ungraded coal.

Mr. Ginwala.—Here is the Bombay consumer accustomed to get only coal which is graded from South Africa. He says to himself "I am quite safe; every ton of coal comes graded but here in this case I am not".

Mr. Bray.—After January we would be able to do exactly the same thing with Indian coal. He will have a list showing the graded coal and he will say "I want a cargo of selected Jharia coal" and the Grading Board will see that he gets it. If a colliery does not get its coal graded, it does not get the benefit of the 12 annas rebate on freight.

Mr. Ginwala.—He will be at a disadvantage of 12 annas compared with the graded coal?

Mr. Bray.—Graded coal would probably be of a better quality because all coal of good quality would go on the grading list.

Mr. Ginwala.—I don't know. It may or may not be. If the Bombay consumer is going to be compelled more or less to use Indian coal and he may say "put me in the same position as the South African coal."

Mr. Bray.—That is what we are doing.

Mr. Ginwala.—You are not. There it is compulsory, here it is not.

President.—What Mr. Ginwala means is that the export of ungraded coal from South Africa is impossible.

Mr. Bray.—I quite understand that, but what I say is that the buyer will only buy graded coal. He may buy ungraded coal if offered, but he won't offer the price he pays for graded coal.

President.—Did the Association as a body consider the question?

Mr. Bray.—Not on that particular aspect.

President.—We put the question to the Federation in the questionnaire, but I don't think we put the question to the Association.

Mr. Bray.—That was very carefully considered by the Coal Committee.

President.—I know it was.

Mr. Ginwala.—I have put the question as it strikes me and it seems to me that there is a real difficulty.

Mr. Bray.—I am afraid I can't see it, because it is not in the interest of the coal industry—or in the interest of anybody—that ungraded coal or inferior coal should be sold. You will find that buyers everywhere want to know what they are going to get. Now-a-days they buy coal by its name not knowing very much about the grade.

Mr. Ginwala.—You have suggested that if this additional duty of Re. 1-8-0 is imposed, the price to the consumer will not rise in Bombay.

Mr. Bray.—I hope not.

Mr. Ginwala.—The reason being that he would not have to pay anything more than for the South African coal.

Mr. Bray.—That is what we think. We have already stated that I think.

Mr. Ginwala.—That assumes many things, does it not? First of all, I have pointed out to you that the South African coal may come down in price but we have also to assume that your sea freight will not rise.

Mr. Bray.—If our sea freight rises South African sea freight rises. If we pay 10 shillings they pay 10 shillings.

Mr. Ginwala.—And we must also assume that your pithead price will not rise?

Mr. Bray.—It is very difficult to talk of the pithead price. Since the wages were put up they have remained fairly steady. Pithead prices vary from colliery to colliery.

Mr. Ginwala.—I was just trying to point out that we have to assume that several of these factors will remain constant.

Mr. Bray.—Raising cost will remain constant. We can't assume that steamer freight will remain constant.

Mr. Ginwala.—You have just now stated that these transport facilities are now adequate.

Mr. Bray.—I think if you assume the raising cost as Rs. 5 for Jharia and Rs. 6 for Ranigunge you would not be far out.

Mr. Ginwala.—Not only that, but we must keep them at that.

Mr. Bray.—How can we possibly do that?

Mr. Ginwala.—Would it be safe to assume that these prices will remain where they are?

Mr. Bray.—Colliery costs will remain where they are. They won't go down and I don't think they will rise much. I cannot guarantee that the steamer freight and the railway freight will remain the same.

Mr. Ginwala.—We must also assume that there will be no deterioration in the facilities for transport.

Mr. Bray.—I can't tell you.

Mr. Ginwala.—We must assume that, because one of the complaints of the Bombay consumer was that he could not get his coal in time.

Mr. Bray.—One of the Coal Committee's recommendations was that preference should be given to shipment coal, and with a preference surely shipments will be facilitated.

Mr. Ginwala.—Your answer must be, "yes. I am of opinion that these things will remain constant."

Mr. Bray.—I cannot say that the steamer freight will be constant.

Mr. Ginwala.—Can we assume that sea freight would relatively remain the same for South Africa and India?

Mr. Bray.—Yes.

Mr. Ginwala.—With regard to the other two points, viz., pithead price and transport facilities, will it be safe to assume that they would remain the same?

Mr. Bray.—I think so, but I cannot guarantee railway wagons.

President.—A good deal of money has been spent in the last year or two on the improvement of railways, so we could take it that it would remain the same until there has been a bigger burden thrown on the railways.

Mr. Bray.—Then there will be more improvement.

President.—But there is no reason to think that the railway position would get worse.

Mr. Bray.—I think not. At any rate railways are hopeful and they are handling their traffic better.

Mr. Ginwala.—Your contention is that, if you get this duty, you ought to be able to get this market, and you say there is no reason why it should be in foreign hands. We have dealt with that point. Then you also claim that if you get this additional market, it would help the Coal industry.

Mr. Bray.—Yes.

Mr. Ginwala.—I think you said that it would enable you to keep up your production if not increase it.

Mr. Bray.—I think it would help in more directions than one. The Port Trust are more anxious to get more traffic through the Kidderpore docks. Any additional coal traffic is welcome to them. Railways will get their freight on coal. The money that goes out now will remain in the country.

Mr. Ginwala.—Except the sea freight, the rest will remain in the country.

Mr. Bray.—Only a part of it will go out of the country.

Mr. Ginwala.—How would it affect your other foreign markets?

Mr. Bray.—If the coal trade had this additional outlet? It is quite true that if you push the South African coal out of Bombay, it would make the competition in Colombo fiercer. On the other hand it would put the Coal Companies in a better position to deal with that competition.

Mr. Ginwala.—What I want to know is: if you capture that market, would it enable you to meet competition better in the other markets?

Mr. Bray.—Anything that you do to help the collieries enables them to meet foreign competition better in the neutral ports. We are very anxious to get back the Colombo market. Collieries are quite willing to sell at cost price for a time in order to get the market. I think we shall get it in time, but it is hard work.

Mr. Ginwala.—Supposing we recommended the imposition of this duty, would you suggest that the duty should be levied on South African coal or on all coal except that from the United Kingdom?

Mr. Bray.—I cannot. A discriminating duty would be difficult.

President.—In your memorandum it is suggested that a duty should be imposed on all coal.

Mr. Bray.—As regards British coal, if you levied a duty on it, so far as I understand the case, it will only be taking it from one pocket and putting it into another.

President.—It does not mean that. It means the British Government pays the Indian Government.

Mr. Bray.—If that is the situation, I must leave to other people to deal with it. To Mr. Ginwala's question, we suggested that it should be applied to all coal.

Mr. Ginwala.—You would not have it this way "on all coal except the coal from the United Kingdom."

Mr. Bray.—I think if you put an import duty, you must put it on all coal.

Mr. Ginwala.—Because I understood you to say "that the coal from the United Kingdom will come whatever the duty may be."

Mr. Bray.—I think it will.

Mr. Ginwala.—That is a special class of coal.

Mr. Bray.—Welsh coal is a special coal.

President.—You have got this passage: "With cheap steamer freight from the United Kingdom and better quality coal, there is the possibility that some of it, at any rate, would be coal from the United Kingdom."

Mr. Bray.—That is a distinct possibility.

President.—That would very likely be cheap North Country coal.

Mr. Bray.—Yes. I do not know how far the India Office would wish to interfere on a question of this sort.

President.—We have got to deal with the question of imports into India. It does not matter where they come from.

Mr. Bray.—I don't know how far they could put import duties against us if we put import duties against them.

Mr. Ginwala.—In the case of steel, for instance, we didn't fix different duties with reference to steel from different countries, but what we did was this. We excluded from our recommendations those classes of steel that were not manufactured in the country or were not going to be manufactured in the country. In that way the coal that comes from the United Kingdom is a special class of coal which is not likely to be produced in the country and which comes in that category, which in the case of steel, has been excluded from our scheme.

Mr. Bray.—There is no objection to your excluding Welsh coal. We are not particularly aiming at that. That is a point we considered and we came to the conclusion that if an import duty were to be put on, it should be put on all classes of coal. If you want to exclude Welsh, we have not the slightest objection.

Mr. Ginwala.—Your idea is that whatever happens the selected Jharia coal ought to be able to realise in Bombay a pithead price of Rs. 6-8-0 a ton?

Mr. Bray.—I agree with you.

Mr. Ginwala.—We have got to take the price you ought to get on a certain basis.

Mr. Bray.—It was thought at one time selected Jharia would not sell below Rs. 9 a ton. It is now selling at Rs. 6-8-0.

President.—I don't think you are on that basis. What I understood from the answers already given by you was this. If you want to cut out South African coal quickly, you want a bit of margin and you doubt if it could be brought down to a precise calculation.

Mr. Bray.—Yes.

President.—Also supposing it were based on Rs. 6-8-0 for Indian coal (selected Jharia) at the pithead, you have told us that unquestionably the coal mines will actually sell considerably below that.

Mr. Bray.—Conditions vary from week to week. I might be prepared to sell at Rs. 16-4-0 now and might want Rs. 18 next week.

Mr. Ginwala.—In any scheme of protection for the coal industry, we must ascertain what price coal ought to get per unit at a pit's mouth.

Mr. Bray.—I have suggested the figure that we ought to get.

President.—We can't give it to you whatever we may do.

Mr. Ginwala.—You say it ought to be Rs. 6-8-0, though you are not going to get it.

Mr. Bray.—If your raising cost is Rs. 5, the whole of the Re. 1-8-0 that is lost is not profit, because the mining industry is not like the jute industry which buys its raw material every season. Every year part of that Re. 1-8-0 has to go towards development.

Mr. Ginwala.—If it was an ordinary application for protection, we should have to go into the question whether this Rs. 5 was a reasonable raising cost or not.

Mr. Bray.—It has been done by the Coal Committee. It is not a fixed price. Some of the collieries raise coal at Rs. 7 or Rs. 8 a ton. To my knowledge other collieries raise at Rs. 4 a ton.

Mr. Ginwala.—When is this Grading Board going to come into operation?

Mr. Bray.—Government are going to consider the rules on the 1st of December and I think some time in January the Board will be in a position to issue certificates. The Board has, as a matter of fact, not yet been constituted.

President.—The preliminary work is being done?

Mr. Bray.—The rules will be considered to-morrow. After that the Board will be formed and it will be in a position to issue certificates some time in January.

Mr. Ginwala.—If you are able to find this additional market by a duty being levied, do you think it would affect second class collieries in any way not necessarily with reference to that market?

Mr. Bray.—Second class coal will only be affected when first class coal is out of the way. They realise that. People will not buy second class coal except for special purposes. So long as there is sufficient first class coal, second class coal will find it difficult to get a market.

Mr. Ginwala.—Therefore I would like you, if possible, to give me those figures that I asked for this morning.

Mr. Bray.—With mines opening up and closing down, it is very difficult to give you the proportions. I will get you some figures.*

Dr. Matthai.—If it is not an unfair question, may I know, Mr. Bray, why you have changed your opinion with regard to a protective duty on coal since you signed the Coal Committee's Report.

President.—Mr. Bray is not appearing here in his individual capacity. He is appearing to-day as a representative of the Indian Mining Association.

Mr. Bray.—I should be interested to hear how I have changed my opinion.

Dr. Matthai.—The Coal Committee apparently expressed an opinion against a protective duty on coal.

Mr. Bray.—I don't remember.

Dr. Matthai.—Please see last paragraph, page 126 of the Coal Committee's Report:

“It is greatly to be feared that, if the choice of the big industrial consumers in Bombay who still use coal were to be in any way restricted in regard to the coal they use, they would be driven to the alternative sources of power supply provided by oil and electricity.”

Mr. Bray.—I still agree.

Dr. Matthai.—Please look at the sentence previous to that:

“It will be obvious that no countervailing duty can assist Indian coal in such markets as Singapore or Colombo, but we consider, Mr.

* Not received.

Banerjee dissenting, that we should fail in our duty if we did not record our conviction that it would also be undesirable in the interests of Indian coal in home ports."

Mr. Bray.—But then the Coal Committee had before them figures which were very different from those you have to deal with to-day.

Dr. Matthai.—That is my point. I am not really going to convict anybody. I gather from your memorandum that the question of competition of either oil or electricity is not now a practical proposition, because the price of coal has come down.

Mr. Bray.—That is the whole point. We are not going to drive the consumer into the hands of the oil companies.

Dr. Matthai.—Now you are proposing a duty on coal, because it is your opinion that this duty will not have the effect of raising prices in Bombay and therefore you see no objection on that ground to proposing the duty.

Mr. Bray.—If it was going to raise the price of coal to the consumers in Bombay, we should be averse to it.

Dr. Matthai.—On page 4 of the memorandum you say :

"The grounds on which the Indian Mining Association might fairly ask for a discriminating Import duty against South Africa are that, by reason of their easily-worked coal and consequent lower raising costs, they can, and, in fact, do, dump their surplus raisings into India."

Now I want to ask you a question about that with reference to what you told us this morning that you would expect the duty to be in operation for five years. The whole question of lower raising costs in South Africa is very largely a question of the natural advantages that South Africa has. Therefore as far as South Africa is concerned, it is going to be a permanent advantage.

Mr. Bray.—No, because as they get deeper, their costs will rise. We have been mining in this country longer than they have.

Dr. Matthai.—Would not your costs also rise?

Mr. Bray.—You have been to the mines. We are mining at a depth of 600 ft. in Jharia. Costs there are likely to remain fairly constant. While you were up there I daresay, you saw some quarrying. That is all surface working which is very cheap.

Dr. Matthai.—I was thinking this way. If the mines in South Africa are going to have higher costs as they go down into deeper and deeper levels, your costs also will rise as you go further down into deeper and deeper levels.

Mr. Bray.—I don't know. I had never been to Africa, but I should imagine that their costs would rise sooner than ours. I think our figures are fairly fixed for some time, at any rate for the period, we are discussing.

Dr. Matthai.—As to this point of Bombay being regarded as a sort of natural market of the coal producer in India, your case is mainly based on that, is it not? As the President pointed out early this afternoon, we are administering what is unhappily called "discriminating" protection—it is such a sanctimonious phrase. When you speak of a market, you are thinking of an economic proposition, aren't you?

Mr. Bray.—Yes.

Dr. Matthai.—My natural market, if I am a buyer, is the market where I can get my goods cheapest. If I am a seller, my natural market is the market where I can do business on the best terms. What you are suggesting is that Bombay should be handed over to the Indian coal industry because Bombay happens to be administratively part of India. It is simply from an administrative point of view that you can consider Bombay as your legitimate market. I say from an economic point of view Bombay is really an unnatural market at present.

Mr. Bray.—I am not sure that that is the opinion of most of our Indian friends.

Dr. Matthai.—It is quite true that when we try to protect an industry in India we are finding for it a market in the country where at present people are able to buy goods cheaper from elsewhere. When we give protection, we are doing that. My view of protection is that it is a means of finding an artificial market.

Mr. Bray.—It is only going to cost Re. 1-8-0 a ton more. It may not even raise your cost that much.

Dr. Matthai.—Unless the State interfered, Bombay would be a natural market for South Africa.

Mr. Bray.—But for that I should not be here to-day.

President.—Bombay is so situated that there are about three countries which have not much advantage over each other. That is the natural cockpit in which they ought to fight out their battles.

Dr. Matthai.—After all you are raising a general point there. I find a real difficulty about accepting that though I see your point of view.

Mr. Bray.—Our view is—Indian coal for India and keep the money in the country.

Dr. Matthai.—On this question of prejudice you have explained the position fully to-day. I understand your point to be this that you are asking for protection on the ground that there is prejudice against Indian coal and if it so happens that the prejudice is the result of certain producers of coal having supplied unsatisfactory quality, I suppose you take the line that the trade ought not to be made to suffer because of the misdoings of certain people. That is roughly your position.

Mr. Bray.—Yes.

Mr. Ginwala.—In your supplementary statement you talk about the rebate on railway freight.

Mr. Bray.—That is rather important.

Mr. Ginwala.—You say: "As regards Bombay, the Association consider that if, by reason of the charges, Indian coal cannot be sent by sea, it should be made possible to send it by rail. This can be done by giving a rebate on railway freight, confined to graded coal if that course is thought best in all the circumstances."

What I want to know is this. As a general proposition I would like to know how it would affect this present question, how it would enable you to compete better against South African coal?

Mr. Bray.—Then you must go into figures.

Mr. Ginwala.—You have given figures in your note here.

Mr. Bray.—If you go into pre-war figures, it must bring down your price to Rs. 17-8-0.

Mr. Ginwala.—That means the railway freight has to drop below sea freight and all charges combined.

Mr. Bray.—I just told you that a cargo of coal is being sold at Bombay at Rs. 16-4-0 c.i.f. What I am guarding against is the possibility of steamer freight rising. It might rise tremendously and we might not be better off. We might have a high sea freight and then the import duty would not be of very much use. We must have the alternative of sending it by rail.

Mr. Ginwala.—How would you work the system in that way?

Mr. Bray.—We only want it as an alternative. So far they have refused.

Mr. Ginwala.—If the sea freight goes up, what is your proposal?

Mr. Bray.—My proposal is that the railways should give us a rebate sufficient to bring their present rate down to the pre-war rate.

Mr. Ginwala.—There is no sanctity about the pre-war rate.

Mr. Bray.—Not at all. We asked for Rs. 2-6-0 to start with. Now we are asking for Rs. 4-2-0.

Mr. Ginwala.—Your position is rather this that the rail route should not cost more than the sea and rail route combined, is that what you mean?

Mr. Bray.—We want to keep our price of coal below the price at which South African coal comes in now. It comes in roughly at Rs. 18 and if we get the railway freight down to pre-war rate, we can put our coal in Bombay at Rs. 17-8-0.

Mr. Ginwala.—If you call it a pre-war rate, it is obvious that the railways may say, nothing is pre-war except coal.

Mr. Bray.—Yes.

President.—Was selected Jharia as high as Rs. 6-8-0 a ton before the war? I have looked up different figures, but they were all a good deal below that.

Mr. Bray.—We have collected the figures of 1921-22.

President.—That is hardly pre-war.

Mr. Bray.—No, there is another point. I think you observed 30,000 tons of coke is coming into India every year. Every ton of coke that comes to India is equal to $1\frac{1}{2}$ tons of coal which may be supplied in this country.

Mr. Ginwala.—What is this suggestion on page 4 of your memorandum where you say: "There is no reason why the smaller collieries raising first class coal should not participate in the Bombay business and it is therefore suggested that serious consideration should be given to the Indian Mining Association's suggestion to give a special rebate on coal sent by rail to Bombay?"

Mr. Bray.—If we are going to get the Bombay market, why should not the small producer have a chance of getting a part of that business. He can only do it by rail. He can't load a steamer. He is not raising sufficient quantity of coal to do it. He is raising suitable coal for the Bombay market.

President.—Isn't that carrying your principle very much further, and reserving the whole Indian market for every Indian producer, however small?

Mr. Bray.—It is not a question for the Board, I know.

Mr. Ginwala.—The Coal Committee did not recommend any rebate on railway freight for coal sent by rail to Bombay. They were against it.

Mr. Bray.—I remember this was one of our much debated questions. To start with, it is not one for the Indian Coal Committee to make recommendations on.

Mr. Ginwala.—They ruled that out.

Mr. Bray.—The Indian Mining Association are pressing for that. The reasons given by the Coal Committee do not convince them and they go on pressing for that.

Witness No. 3.

COLLECTOR OF CUSTOMS, RANGOON.

WRITTEN.

Letter, dated the 27th October 1925.

I have the honour to reply to your letter No. 575, dated the 15th October 1925.

I furnish below information on the different points mentioned in your letter.

(1) Both methods of bunkering are employed at this port, but mostly from coal imported and stacked, transhipments from vessel to vessel being rare and restricted to vessels of the same owner.

(2) No.

(3) No.

(4) No.

(5) Yes.

(6) No.

(7) (a) and (b) No.

(8) Yes.

Witness No. 4.

COLLECTOR OF CUSTOMS, BOMBAY.

... WRITTEN.

Letter, dated the 30th October 1925.

I have the honour to reply to your letter No. 575, dated the 15th October 1925, and to give detailed answers to the questions asked in it.

(1) Both methods of bunkering are employed at Bombay, viz., bunker coal is sometimes landed and stacked and subsequently bunkered, and is sometimes transhipped from vessel to vessel without being landed.

(2) The periodical reports to the Director of Statistics relating to Indian Bunker coal include such coal transhipped from vessel to vessel.

(3) It is not possible to determine the percentage of the total quantity bunkered which is not landed but transhipped from vessel to vessel, as separate figures are available in respect of foreign coal only; this is separately recorded, as such coal is shipped under claim for Drawback.

(4) Such coal is liable to duty, but when transhipped directly from vessel to vessel, drawback of 7/8th of the duty is paid. Such coal is shown as an import in the Trade Returns.

(5) Foreign coal which is landed and stacked and subsequently used for bunkering another vessel is liable to Customs duty and is shown as an import in the Trade Returns.

(6) Such coal is not shown as a re-export in the Trade Returns. Foreign coal, however, which is transhipped directly from vessel to vessel is so shown, as drawback is paid on it and under instructions from the Director of Statistics, goods on which drawback is paid even when shipped as ships' stores are shown in the Trade Returns.

(7) Indian coal used for bunkering a vessel bound for a foreign port is not in any circumstances shown as an export in the Trade Returns; no goods shipped as ships' stores are so shown except in the case cited in the reply to question (6).

(8) With this exception the exports and re-exports of coal given in the Trade Returns consist entirely of 'cargo' coal as distinct from 'Bunker' coal.

It would probably be useful, for the purpose of the Board's present enquiry, to know what quantities of foreign coal are exported for Bunker purposes. I enclose a statement which I recently supplied to the Director General of Commercial Intelligence covering the months January to August of the current year. Should you desire to have these figures brought up to date and continued in the future, I will give instructions to have them specially compiled from the Shipping Bills taken out in my office.

Enclosure.

Statement showing the quantities of bunker coal (foreign) exported from Bombay during each of the 8 months from January to August 1925.

Name of month.	Quantity (Tons).	The quantity shown in column 2 includes Tons.	REMARKS.
January	8,831	3,415	Shown in return No. 11
February	11,753	2,873	Do.
March	14,616	4,309	Do.
April	14,526	6,504	Do.
May	12,190	4,150	Do.
June	7,344	3,482	Do.
July	10,623	2,673	Do.
August	8,796	355	Do.

Statement II.—Letter from the Collector of Customs, Bombay, dated the 12th February 1926.

With reference to your telegram No. 68, dated the 10th February 1926, I have the honour to forward herewith a statement showing the quantities of bunker coal (foreign) exported from Bombay during each of the four months from September to December 1925.

Enclosure.

Statement showing the quantities of bunker coal (foreign) exported from Bombay during each of the four months from September to December 1925.

Name of month.	Quantity (tons).	REMARKS. The quantity shown in Column 2 includes
September	8,351	5,816 tons shown in Return No. 11
October	14,356	1,616 " "
November	16,194	1,913 " "
December	15,183	2,686 " "

Witness No. 5.

COLLECTOR OF CUSTOMS, KARACHI.

WRITTEN.

Letter, dated the 30th October 1925—

With reference to your letter No. 575, dated the 15th instant on the above subject, I have the honour to give in the annexed note the replies to the eight questions put therein. To explain the position more clearly I may mention that statistics of bunker coal are not included in the trade returns except when the coal is shipped under claim for drawback under section 42 of the Sea Customs Act in which case it is shown in the re-export trade returns. As coal is an article which cannot be easily identified the practice is not to allow drawback on coal landed on the bunder, but to allow it only when it is transferred direct from the discharging vessel to the receiving vessel under Customs supervision. In both cases Bills of Entry are put in for importation and Customs duty is paid. Such transfers from vessel to vessel would also be literally called transshipments, but these are not transshipments allowed under the rules laid down in section 128 of the Sea Customs Act in which sense the word 'transshipment' is presumably used in your letter under reply. Under section 128 of the Sea Customs Act 'transshipment' is allowed, without payment of import duty, of any goods imported and specially and distinctly manifested at the time of importation as for transshipment to some other Customs or foreign port, but statistics of this trade are not included in the trade returns. I mention, however, that such transshipments of coal are very rare at this port.

Replies to queries 1 to 8.

(1) Yes, viz., (a) Coal landed and stacked and (b) coal transferred from vessel to vessel under claim for drawback under section 42 of the Sea Customs Act. Transshipment under section 128 of the Sea Customs Act also takes place on rare occasions.

(2) The periodical reports include quantities of coal referred to under (1) (b) above, but not coal referred to in the last sentence of (1) above.

(3) On the 115,464 tons of all bunker coal, both foreign and Indian, shipped in the calendar year 1924 as shown in the statements supplied to the Director of Statistics, 22,312 tons represented foreign coal shipped under claim for drawback without being landed, and of 96,860 tons shipped during the nine months—January to September 1925—8,438 tons represented coal shipped under claim for drawback without being landed. Transshipment trade under section 128 of the Sea Customs Act is not recorded, but no such transactions appear to have taken place during 1924 and the nine months ending September 1925.

(4) Foreign coal transferred from vessel to vessel as bunkers under claim for drawback is liable to duty and is shown as an import in the Trade Returns, but coal which is transhipped under section 128 of the Sea Customs Act is not liable to duty and does not appear in the trade returns.

(5) The replies to both parts of this question are in the affirmative.

(6) No.

(7) (a) No.

(8) Indian coal appearing in the export trade returns represents 'cargo' coal while *foreign* coal appearing in the re-export trade returns represents only bunker coal shipped under claim for drawback. There have been no re-exports of foreign coal as cargo at this port.

Witness No. 6:

COLLECTOR OF CUSTOMS, MADRAS.

WRITTEN.

Letter, dated 10th November 1925.

I have the honour to acknowledge the receipt of your letter No. 575, dated 15th October 1925, and to state in reply that foreign coal is not bunkered at Madras. However, I would furnish below scriatim information on the points mentioned by you:—

- (1) Bunker coal (Indian) is usually landed at this port and subsequently bunkered. There has been no case of bunkering from vessel to vessel during the last 3 years.
- (2) The quantities of coal bunkered and hitherto shown in the monthly reports to the Director of Statistics are of Indian origin. The figures were taken from the Shipping bills filed for ship's stores and did not include coal transhipped from vessel to vessel.
- (3) The answer to (2) being in the negative, no information can be furnished on this point.
- (4) and (5). Duty would be levied on foreign coal only when it is not distinctly manifested as for reshipment or transhipment and no drawback is granted as coal is declared to be one of the articles which cannot be identified. Bunker coal is shown in the import trade returns, if duty is collected.
- (6) The answer is in the negative. It will be treated as ship's stores, the export of which is not registered except when drawback is claimed.
- (7) The answer is in the negative. It will be treated as ship's stores.
- (8) The reply is in the affirmative.

Witness No. 7.

CHIEF MINING ENGINEER, RAILWAY BOARD.

WRITTEN.

Letter, dated the 16th November 1925.

You have enquired from Commerce Department as to when we expect the Grading Board to be in a position to certify cargoes of export and I have been asked to reply to you direct.

It is expected that the Rules will be finally out by the 3rd week of December at the latest and in this case we should be certifying cargoes by the middle of January.

Statement II.—Letter, dated the 14th December 1925, from the Chief Mining Engineer, Railway Board, Calcutta.

With reference to letter No. 47-T. (63), dated the 4th December 1925, from the Government of India, Commerce Department, to your address I have the honour to inform you that for many years the only new coalfield which will be opened up by the Central India Coalfields Railway is Karanpura and during this period the shortest route to Bombay will be *viâ* Chandil, Bengal Nagpur Railway. The distance to Bombay will be 1,142 miles and the freight on public coal will be Rs. 14-14-0 per ton *viâ* Nagpur.

A very large proportion of the coals mined in this field will be much superior to that being mined in the Central Provinces.

Witness No. 8.

CHIEF INSPECTOR OF MINES IN INDIA.

WRITTEN.

Letter, dated 18th December 1925.

In response to the request made in your letter No. 689, dated the 9th December 1925, I have the honour to state that in the month of November the output of coal obtained from sixty-one collieries in the Jharia coalfield where coal of first class quality is mined was 64·3 per cent. of the total quantity mined from 298 collieries worked during the month. Similarly the output obtained from sixty-three collieries in the Raniganj coalfield where coal of first class quality is mined was 54 per cent. of the total quantity obtained from 297 collieries at work.

I should say that at the selected mines very little coal of the poorer qualities is being mined, and that the percentage figures given are a fairly correct index of the raisings of first and second class coal in the Raniganj and Jharia coalfields at the present time.

Witness No. 9.

MESSRS. TATA SONS, LIMITED.

(Agents, the Tata Hydro-Electric Power Supply Co., Ltd., The Andhra Valley Power Supply Co., Ltd., The Tata Power Co., Ltd., and the Kundley Power Co., Ltd.)

WRITTEN.

Letter, dated the 26th November 1925.

We have the honour to acknowledge receipt of your No. 641 of the 9th instant and to enclose herewith statement of our reply to your questionnaire.

Reply to Tariff Board Questionnaire.

1. (a) 1913-14 was a construction year—there was consequently no power for supply. The Companies began to generate and give power as follows:—

The Tata Hydro-Electric Power Supply Company, Limited, in 1915.

The Andhra Valley Power Supply Company, Limited, in 1923.

(b) In 1924-25, the number of Board of Trade Units supplied by—

The Tata Hydro-Electric Power Supply Company, Limited, were 126,558,425.

The Andhra Valley Power Supply Company, Limited, were 124,020,745.

2. $3\frac{1}{2}$ lbs. of coal yield one unit of electrical energy. On this reckoning, the coal equivalent of energy supplied by Hydro is 197,747 $\frac{1}{2}$ tons, by Andhra, 193,782 $\frac{1}{2}$ tons.

3. Therefore 640 units of electricity are the equivalent of one ton coal.

4. The full capacity of Horse Power installations now in operation is—

Million Units.

The Tata Hydro-Electric Power Supply Company, Limited	127
The Andhra Valley Power Supply Company, Limited	153
	<hr/>
TOTAL	280
	<hr/>

5. The available capacity will increase as follows when Kundley Power Company, Limited, and the Tata Power Company, Limited, now under construction are completed:—

	Capacity.
The Kundley Power Company, Limited	10,000 H. P.
The Tata Power Company, Limited	125,000 H. P.
	<hr/>
TOTAL	135,000 H. P.
	<hr/>

6. The increase in power capacity is earmarked to the extent of—

(a) 122,000 H. P. for Railways.

(b) Balance 13,000 H. P. for other Consumers.

7. The Companies will be able to meet any reasonable demand beyond commitments under 6 (a) and (b).

8. For current contracts, entered into sometime back, the rates of supply are—

(a) *Textile, Flour Mills, etc.*

Hydro Co.

	Anna.
Per unit of power for consumption	·485
Per unit of power including transformer equipment	·500
Per unit of power including motors	·535
Per unit of power including transformer and motors	·550
Per unit of power for lighting	1·25

(b) *Tramways and Railways.*

·425 anna per unit *plus* a standing charge of Rs. 50 per annum per K. W. of maximum demand.

The Tata Hydro-Electric Power Supply Company, Limited, and the Andhra Valley Power Supply Company, Limited, are basing their new contracts or renewals of old contracts under (a) on the following uniform rates respectively:—

Hydro Co.

	Anna.
Per unit of power for consumption	·650
Per unit of power including transformer equipment	·675
Per unit of power including motors	·7
Per unit of power including transformer and motors	·725
Per unit of power for lighting	1·25

Andhra Co.

	Anna.
Per unit of power for consumption	·725
Per unit of power including transformer equipment	·800
Per unit of power including motors	·825
Per unit of power including transformer and motors	·900
Per unit of power for lighting	1·25

Witness No. 19.

THE AHMEDABAD MILLOWNERS' ASSOCIATION.

WRITTEN.

Letter, dated the 1st December 1925.

With reference to your letter No. 645 of the 9th November forwarding 6 copies of a pamphlet containing the application of the Indian Mining Federation for the imposition of protective duties on coal together with the Board's press communiqué, questionnaire and inviting the views of my Association on the proposed duties on coal, I am directed by my committee to express its opinion as under :

As Indian coal is the chief raw material for industries in India ; it requires to be protected from unfair competition which it has to face from imported foreign coal. It is unfortunate that Indian coal being one of the powerful potential resources of India could not be adequately supplied to Indian industries on a profitable basis when the same article transported from thousands of miles abroad is making inroads into this country with advantage. During the present times foreign competition, high freights maintained by Indian Railways, lack of bunkering demand and loss of overseas markets have driven this basic indigenous industry to a state of ruination. The substantial rebates granted to Railways on coal imported from South Africa necessitates strong action on the part of the Government of India to afford immediate protection to the indigenous product of the country with a view to save it in good time from its perilous position.

In these circumstances my committee would strongly urge the imposition of a countervailing protective duty on all bountified coal imported into India. In case further bounties either direct or indirect be granted to any foreign country on the export of its coal to counteract this protective duty a corresponding increase be made in the same.

The effect of this measure should be carefully observed for a period of five years after which time the whole question may be reconsidered in the light of the experience gained and the circumstances prevailing at the time.

Witness No. 11.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

WRITTEN.

Letter, dated 4th December 1925.

I am directed to acknowledge the receipt of your letter No. 640, dated 9th November 1925, requesting an expression of the views of the Association regarding the application of the Indian Mining Federation for the imposition of protective duties on coal. After very careful consideration my Committee wish me to state that they would favour the imposition of a protective duty upon foreign coal provided that the coal trade are in a position to establish that foreign coal imported into India is being placed on the Indian market at prices with which Bengal coal cannot compete owing to bounties or subsidies direct or indirect available to coal exported from the country and not available to coal consumed in the country of origin. In this connection my Committee also wish to make it clear that even if the need for protection on these grounds is established, the protection given to the Indian coal trade should only be made available to that proportion of Indian coal which enters into direct competition with imported coal.

In regard to the case put forward by the Indian Mining Federation, my Committee are inclined to the view that a case for the imposition of protective duties of the nature and extent demanded has not been made out for the following reasons:—

(1) To all intents and purposes foreign coal only competes with first class Bengal coal in the Bombay market. There is little if any competition between foreign and Indian coal in up-country markets. These being the facts it is somewhat unreasonable for the Mining Federation to put forward a claim for a protective import duty which might possibly affect the price of coal all over India.

(2) Support cannot be given to the Mining Federation's application for a protective duty of Rs. 5 per ton on Natal and Transvaal coal on the grounds that this degree of protection is required to enable even the weakest of Indian collieries raising the lowest quality of coal to make a profit.

If the history of the Bengal collieries were examined it would be found that a very large number of the collieries raising lower class coal, commenced operations during the boom years when the demand for Indian coal was absolutely abnormal. These collieries would probably never have been able to work at a profit in normal years, because the demand for the lower grades of Indian coal in normal years has never been great, and they would not have been able to compete against collieries producing better grades of coal except in a very limited local market, owing to the fact that raising and transportation costs are the same for all classes of coal. This means that if the economic position is such that the better class collieries owing to the paucity of demand have to reduce their margin of profit, the demand for the products of the second class coal producing collieries would be reduced to a purely local demand and many of them would be squeezed out of existence.

This in the opinion of my Committee is the position to-day, and no matter what protective duties were imposed the economic laws must gradually make themselves felt, and lead to the closing down of many of the collieries which while serving a more or less useful purpose during periods of abnormality, cannot expect to compete against first class collieries in normal times.

If means could be devised whereby the export trade could be developed then the position might be different, but with the coal trade of the world in its present depressed state my Committee do not think that the Government

of India are in a position to extend the financial help to the coal trade which would be necessary to make it possible to market first class Bengal coal in foreign markets at a price which would make it obviously advantageous for foreign countries to purchase Indian coal in preference to any other coal, and at the same time give such a profit to the first class collieries as would make it advantageous to them to develop their export trade and leave the Indian market to the second class collieries.

Even if such means could be devised, my Committee would be constrained to oppose them, on the grounds that consumers of coal in Bombay would have to pay a price for second class coal at least as high as they now pay for first class Bengal coal.

(3) The demand for coal in Bombay has been permanently reduced owing to the fact that a very large number of mills have changed over from steam to hydro-electric power, and it is extremely doubtful whether the demand for Indian coal could be very greatly increased by the imposition of protective duties.

(4) After very careful investigation, my Committee find that at the present time first class Bengal coal is being placed upon the Bombay market at a price which enables it to compete against imported foreign coal.

(5) My Committee have reason to believe that the price figures given in paragraph 16 of the Mining Federation's representation are too high by at least Re. 1-4-0 per ton.

At the present time steamer freight from Calcutta to Bombay can be obtained at Rs. 7 or less per ton, and the allowance of annas five for shortage is also too high. The raising costs are also on the high side for certain collieries, but may be approximately correct for the collieries affiliated to the Indian Mining Federation. If the contentions of my Committee are correct, then even at the present time first class Bengal coal can compete with foreign coal without protection, and this contention is further supported by the prices at which contracts for first class Bengal coal of guaranteed calorific value have been made by the Bombay Port Trust and certain Bombay Mills in recent months.

While my Committee are convinced that no case has been made out for the imposition of protective import duties, they consider that the Bengal coal trade would be greatly helped if a substantial reduction on long-distance railway freights could be made.

The Railway Board have up to the present stated their inability to meet the demands made by various commercial bodies in this connection, but there is reason to believe that the annual saving effected by the Indian Railways in fuel charges and stores due largely to the fall in coal prices is not less than three crores and it would seem that the coal trade of India is justly entitled to a concession in freight rates on coal, since this saving has been made largely at the expense of their particular industry. The detailed answers of my Committee to the General questionnaire at the end of the pamphlet containing the case put forward by the Indian Mining Federation, and to the special questionnaire for this Association which accompanied your letter under reply are appended.

Answers to general questionnaire.

1. The question can best be answered by the coal trade itself, but in the opinion of my Committee it would appear that the opening up of a large number of new collieries in the boom years may have affected the present price position.

2. My Committee are not prepared to assert that the present position is entirely satisfactory, but there is nothing like the same difficulty in obtaining wagons that there was in the immediate post-war years.

3. Not in a position to answer.

4. The following prices are to the best knowledge of my Committee the approximate prices of various classes of coal for mill delivery in Bombay. Bombay c.i.f. prices would be from Rs. 4 to Rs. 4-8-0 per ton lower.

	Per ton.
	Rs. A.
Admiralty Cardiff	28 0
West Hartlepool	24 8
1st class Bengal (Jharia)	21 4
" " (Giridih)	21 8
" " (Deshaghar)	21 8
Natal	23 8
Witbank	22 12

No other coal has been imported into Bombay recently as far as my Committee are aware.

5. As far as the experience of my Committee extends Natal coal is slightly superior to Transvaal coal and commands a slightly higher price.

6. No opinion to offer.

7. There may possibly have been an isolated shipment of coal at the price mentioned, but it is quite certain that no considerable quantity has been offered at this price.

8. The rate given is too high. Freight contracts have been and can be made at Rs. 7 or less per ton.

9. No opinion to offer.

10. The general opinion in Bombay is that first class Jharia should be sold from Re. 1-8-0 to Rs. 2 lower than Transvaal coal owing to the fact that past experience has shown no certitude of obtaining consignments of even running quality or of the best grade. There is however reason to believe that in future first class Jharia coal will sell at prices closer to South African coal.

The reason for this conclusion is that in recent months contracts for Jharia coal have been made with stipulations that coal of a definite calorific value shall be supplied. The coal delivered will be subjected to an independent chemical analysis and if the results corroborate the grading board certificates my Committee think that the prices paid for Jharia coal will improve in relation to South African, if the quality is maintained.

11. See answer to Question 10. There is no doubt that prices being equal the Bombay consumers have for some time found it advantageous to purchase South African coal because it is possible to depend upon its quality. Another factor which contributes to the greater popularity of South African coal is that shipments of Bengal coal are almost invariably short in weight whereas foreign consignments show correct or excess weight.

12. This "fact" not "prejudice" probably depreciates the price of Bengal coal by Rs. 2 to Rs. 3 per ton.

13. Yes, in recent years but perhaps not in recent months during which a noticeable improvement has taken place.

14. No opinion to offer.

15. In the years previous to the war, when it was possible to obtain coal from a particular colliery, coal equal to Transvaal coal has been received in Bombay, but if the best Indian coal is superior to Transvaal coal then my Committee believe that it must all have been taken by the railways.

16. No, for the reasons stated in my covering letter, but my Committee would welcome a reduction in railway freights on coal.

17. (a) Since the price of imported foreign coal would have to be increased there would probably be a corresponding increase in the price of Indian coal in Bombay by about Rs. 3 to Rs. 5 per ton. Internal competition would pro-

likely tend to restrict the increase in prices, but would, on the other hand, tend to a resumption of the old practice of mixing coal sent to the Bombay markets.

18. My Committee do not think that a protective duty would help the bunkering trade as in their opinion shipping companies might cease to use Indian ports for bunkering purposes.

19. It is possible that the increase in price would lead to a greater use of the alternative sources of power in Bombay but a more accurate idea of the view point of my Committee in this connection will be obtained from a study of the replies given to the special questionnaire.

20, 21, 22 and 23. No opinions to offer.

24. The possible increase in the price of coal indicated in my Committee's reply to question 17 would not in itself lead to a great increase in industrial costs in Bombay but the multiplication of the slight individual increases in costs, in stores, machinery, and cotton, owing to higher import duties, higher taxation, Imperial and Municipal and protective duties during recent periods, have greatly increased production costs in Bombay in recent years.

Answers to the special questionnaire.

1. According to the official list published by the Association, there are in all 82 cotton mills in Bombay City and Island. In 1913-14, all of these used coal as their sole source of power.

In 1924-25, 17 mills still used coal as their sole source of power, but 59 mills still use coal in considerable quantities for the production of steam for heating, drying and bleaching, 61 mills used electricity as their main source of power, 23 mills used liquid fuel either as their main source of power or for the subsidiary process of steam production for certain processes.

2. (a) The total number of units of electric power used by the Bombay Mills in 1924-25 was about 185 millions. One ton of coal is equivalent to 600-800 electrical units, according to the type of coal and steam plant used. On these basis, the electrical power used in 1924-25 was equal.

At 600 units per 1 ton coal 308,333 tons coal.

At 800 units per 1 ton coal 231,250 „ „

(b) The quantity of fuel oil used in 1924-25 by the Cotton Mills of Bombay was *. The equivalent quantity of coal is somewhat difficult to estimate, because all coals "unfortunately" have not the same calorific value and the result is also affected by the type of power plant and the type of apparatus used for injecting and atomising the oil.

For example, a certain mill until recently found that one ton of oil was equivalent to 2.0 tons of Bengal coal, but latterly owing to an improvement in quality of coal delivered at the mills, 1 ton of oil fuel was equivalent to 1.8 tons of coal. The variation may be taken to extend from 1.7 to 2.1 tons of coal per ton of oil fuel. On these bases, the equivalent in tons of coal of the liquid fuel used by the mills are equal to:—

At 1.7 tons coal per ton oil fuel * tons coal.

At 2.0 tons coal per ton oil fuel * „ „

3. The latest prices for liquid fuel in Bombay are:—

	Per ton.
	Rs.
(a) c.i.f. Bombay about	36
(b) Landed and duty paid	42
(c) Delivered at Mill	45

* Figures not available.

4. See answer to 2 (b).

5. Under the best conditions and with the latest type of injection liquid fuel at Rs. 45 delivered at the mills would be equal to coal at Rs. 22-8-0 per ton delivered at the mills or using ordinary steam atomisers Rs. 25 to Rs. 27 per ton. If price alone is considered, it would seem that good Bengal coal at Rs. 21-8-0 delivered at the mill is a cheaper proposition than liquid fuel.

6. In deciding whether the use of liquid fuel should be introduced or continued in a mill, the chief circumstances which must be taken into account, are:—

- (1) Convenience in handling.
- (2) Reduction in labour, charges at the boilers, and greater facility for manipulation of fires.
- (3) Diminution of the loss of calorific value of fuel during storage.
- (4) Reduction of smoke.
- (5) Decreased danger of soiling work in process in the mills.
- (6) Elimination of ashes.
- (7) Saving in storage space.

7. Partially dealt with in answer to question 5.

8. The rates are:—

	Power only.	Power Transformers.	Power and complete equipment.
(a) Original Tata rate* . . .	485	5	55
(b) New Tata rate . . .	650	675	725
(c) Andhra Valley rate . . .	725	8	9

* No cotton mills obtain their power at the original Tata rate.

9. Much depends upon the class of main engine, condenser used, condition of boiler plant, coal firing and the water cooling available. Roughly, 600 to 800 units would be equivalent to one ton of coal under ordinary working conditions.

10. Please refer to answer to question 2 (a).

From the rates given in question 8, it will be seen that separate rates are quoted for supplying mills with power only or with power and complete equipment. At 600 to 800 units equivalent to one ton of coal, the cost of electric power equal to one ton of coal is worked out as below:—

	Rate.	Cost of power only.		Rate.	Cost of power and complete equipment.	
		Rs. A.	Rs. A.		Rs. A.	Rs. A.
New Tata rate . . .	650	24	4—32 8	725	27	0—36 4
Andhra Valley . . .	725	27	0—36 4	9	33	12—45 0

This is only a rough comparison and does not take into consideration the capital outlay and the interest thereon involved in the change over.

11. In deciding whether electric power should be introduced or continued in a Mill, most of the points mentioned in answer to question No. 6 should be taken into consideration in addition to the following:—

- (1) Adaptability of drives.
- (2) Steady running of machines.
- (3) Improvement in the quality of production.
- (4) Increase in production.
- (5) Cost of production recorded more accurately.
- (6) Elimination of initial and recurring expenses such as stores, wages in case of steam plant.

Due importance should also be given to the capital expenditure involved in changing to electric drive.

12. It is difficult to give a categorical answer until particulars regarding up-to-date electric and steam plants are available. But it is thought that it would be more economic to use coal than liquid fuel or electricity in Mills which are already using coal as their main source of power. A change to liquid fuel or electricity in these cases would not be profitable in view of the fact that:—

- (1) Coal is comparatively cheaper than electricity or liquid fuel.
- (2) The capital expenditure involved and the interest accruing thereon would not be a negligible figure.

Witness No. 12.

CHAMBER OF COMMERCE, BOMBAY.

WRITTEN.

Statement I.—Representation, dated the 5th November 1925.

With reference to the Press Communiqué issued by the Tariff Board on the 13th October 1925 in which bodies and persons who are not members of the Indian Mining Federation were invited to express their views on the question of the proposed protective duty on imported coal I am desired to place before you the views of the Committee of this Chamber on the subject.

2. In considering this question my Committee have naturally adopted the point of view of the Bombay consumer but they do not think this standpoint should conflict with the general interests of trade and industry.

3. It has been represented to my Committee that, in the past, consumers on this side of India have found that they could not depend on the quality of coal supplied by the Bengal collieries but they are informed that this stigma is being to some extent removed and a further improvement may be looked for as a result of the working of the Coal Grading Bill which was passed by the Central Legislature at the last Simla session. At present, my Committee understand, buyers rely on certificates from local analysts, showing the calorific value of the coal and the percentage of ash. If in the course of time it is found that the certificates issued by the Grading Board tally with the results obtained by the buyers carrying out their own tests it may be expected that confidence will gradually be established and the certificates issued by the Board will eventually be accepted.

4. From a study of the statistics of the imports of foreign coal into Bombay during the past five years it would appear that Indian coal is gradually regaining the position it lost after the war. While production is increasing and is now over 20,000,000 tons per annum the amount of imported coal is relatively small and is tending to decrease, having in the last four years declined from nearly 1½ million to under half a million tons per annum. The figures for Natal coal, in respect of which a claim for protection is mainly urged, also show a steady decrease, viz., from 340,000 to 202,000 tons during the same period. My Committee think therefore that there is ground for believing that the position is tending to right itself and in their opinion the process might be considerably accelerated if colliery owners would seriously tackle the task of putting their own house in order.

5. It is recognised that owing to fortuitous circumstances explained in the Indian Coal Committee's Report (*vide* paragraph 98) Natal coal has from time to time enjoyed the special advantage of cheap freight rates which have enabled it in the past to gain a footing in the Indian market. Moreover, apart from its slightly superior quality, Natal coal has been greatly assisted by the consistency of its quality. It is believed that if the Bengal colliery owners, by means of grading or otherwise, can secure an improvement in this latter respect Bengal coal will in a not distant future be able to compete successfully in the Bombay market. It is felt in some quarters that the Natal coal trade should be carefully watched for any signs of dumping in which case it is suggested that the advisability of imposing a protective duty might be considered. In this connection my Committee would refer to Sir Campbell Rhodes' remarks in the Legislative Assembly on 15th March 1924 drawing attention to certain statements in the South African press to the effect that the amount of Indian goods exported to South Africa exceeded by £1,500,000 the value of merchandise exported by the Union to India and that the exports from India to South Africa consisted largely of rice and cotton.

goods for the use of Indians in South Africa. Sir Campbell then alluded to the danger of a retaliatory fiscal war between South Africa and India which might seriously injure the interests of Indian cotton mills and of Indian subjects in South Africa. My Committee think that this aspect of the case would have to be very carefully considered before embarking on a policy of protection, even if it were proved that South African coal was being dumped into India which they do not believe to be the case at present.

6. While the Indian Coal Committee were precluded by their terms of reference from making any recommendations in regard to the assistance which might be given to Indian coal in the shape of a duty on imported coal they nevertheless remark on page 126 of their Report that they considered they would fail in their duty if they did not record their conviction that such a duty would be undesirable in the interests of Indian coal in home ports. They add: "It is greatly to be feared that if the choice of the big industrial concerns in Bombay who still use coal were to be in any way restricted in regard to the coal they use, they would be driven to the alternative sources of power provided by oil and electricity." In this connection my Committee are informed that oil at its present price of some Rs. 50 per ton is equivalent to coal at Rs. 22½ per ton and is therefore not at present a serious competitor.

7. The considerations which my Committee have briefly reviewed above had led them to the unanimous conclusion that there are not at present sufficient grounds for advocating a protective duty on coal imported from South Africa or from any other country or countries, though such a contingency might be envisaged should the Bengal coal trade be in danger of extinction since obviously, from the purely selfish standpoint, if Bombay had to rely solely on imported coal, prices would inevitably rise. At the same time my Committee have some difficulty in believing that a duty on the relatively small amount of coal imported from South Africa would save the Bengal coal trade. As indicated above they think that the remedy lies rather with the colliery owners themselves and they consider that time should be given to watch the operation of the Coal Grading Act. My Committee are therefore unable at this stage to subscribe to any recommendation which would have the effect of increasing the cost of coal to the consumer in Bombay.

Statement II.—Letter, dated 19th November 1925, from the Chamber of Commerce, Bombay.

I have the honour to acknowledge with thanks the receipt of your letter No. 651 of the 10th instant, together with six copies of the pamphlet containing the application of the Indian Mining Federation for the imposition of protective duties on coal and the Board's communiqué and questionnaire.

2. In reply I am to state that my Committee have nothing further to add to their letter No. 2806—104A of the 5th instant, and that they do not desire to give oral evidence on behalf of the Chamber.

3. I am to add in connection with the enquiry contained in the second paragraph of your letter that apart from the mill industry my Committee are not aware of any important industrial concerns in Bombay that are consumers of coal.

Witness No. 13.

UPPER INDIA CHAMBER OF COMMERCE, CAWNPORE.

WRITTEN.

Letter, dated 14th November 1925.

From Government Resolution No. 47-T. (49), dated the 30th September 1925, issued by the Secretary to the Government of India, Department of Commerce, Simla, my Committee learn that the Government of India have decided to refer to the Tariff Board, for investigation, the question whether a protective duty should be imposed on imported coal generally or on coal imported from any particular country or countries and, if so, at what rates.

The Committee of the Upper India Chamber desire to record it as their opinion that, having regard to the almost negligible imports of foreign coal as compared with the quantity of coal raised in India, they do not consider that there is a case for the imposition of any protective duty on imported coal.

Witness No. 14.

BURMA CHAMBER OF COMMERCE.

WRITTEN.

Letter, dated the 24th November 1925.

In reply to your letter No. 643, dated November 9th, 1925, referring to the application of the Indian Mining Federation for the imposition of a protective duty on coal, I am directed to enter a strong protest against a protective duty being imposed on coal imported into Burma. There is no coal industry in Burma to protect, and no reason why users in this Province should be penalised in order to add to the profits of coal mine owners in India.

2. An import duty on coal entering India would inevitably lead to an enhancement of the cost of Indian coal in Burma, and so tend to increased working costs of the industries and transport systems using coal, without any compensation whatever. Compared with India, Burma is very backward in commercial and industrial development, and is worthy of special consideration in the matter of protective duties, the effect of which can only be to still further hamper her progress; but Burma's claim to special consideration was elaborated in my letter of September 1st, 1923, to your address in connection with protection for the Steel industry and the point need not be laboured here.

3. I am to add that this Chamber does not propose to tender oral evidence on the proposal you have under consideration, but pleads that Burma should be excluded from such protective duty (if any) your Board may impose in the interests of owners of Indian coal mines.

Witness No. 15.

THE CHAMBER OF COMMERCE, MADRAS.

WRITTEN.

Letter, dated 2nd December 1925.

I have to acknowledge receipt of your letter No. 644 of the 9th November, forwarding six copies of a pamphlet containing the application of the Indian Mining Federation for the imposition of protective duties on coal, together with the Tariff Board's Press Communiqué and Questionnaire.

The subject of the proposed duties on coal was considered at a meeting of this Chamber held on the 24th ultimo, when it was resolved to advise the Tariff Board that the Madras Chamber is in favour of protection being given to the Indian Coal Industry by imposing an import duty on Natal and South African coals to the extent of any bounty or other concession enjoyed by the Coal industry in South Africa.

In explanation of the above, I am directed to state that, while the Committee of this Chamber are of opinion that the industrial development of India can best be secured by making supplies of coal available to all consumers on the cheapest terms possible, they are prepared to recommend protection to Indian coal to the extent of any special concession in the form of bounties or railway freight rebates that may be enjoyed by the Coal industry in South Africa.

In the opinion of my Committee the above or any similar concessions appear to constitute unfair competition and call for a similar measure of protection to the Coal industry in India. In assuming that some measure of protection is extended to the Coal industry in South Africa my Committee has been influenced by the arguments raised in paragraph 25 of the application of the Indian Mining Federation for the imposition of protective duties on imported coal.

As regards the suggestion that an additional duty of half an anna per gallon be imposed on mineral oil imported into India and generally used as fuel for industrial purposes, this Chamber is unanimously of opinion that it is definitely in the interests of the industrial development of India that oil fuel be made available to all consumers on the most favourable terms possible and my Committee therefore consider it grossly unfair that owners of fuel oil plant should provide funds for the payment of a bounty of Rs. 3 per ton on Indian coal exported to any foreign port.

Witness No. 16.

THE KARACHI CHAMBER OF COMMERCE.

WRITTEN.

Letter, dated 16th December 1925.

I am directed to acknowledge receipt of your letter No. 639, dated 9th November 1925, and its enclosures, which have received my Committee's consideration. Copies of the Supplementary questionnaire for the Karachi Chamber of Commerce have been forwarded to all Members of this Chamber who are likely to be able to give useful information. Their replies will be forwarded to you direct, and should satisfy your enquiry as to the comparative cost of coal and fuel oil.

In reply to your enquiry as to the number of industrial establishments at Karachi using coal and fuel oil respectively, I am to state that of the industrial establishments controlled by Members of this Chamber the following use fuel oil:—

The Karachi Electric Supply Corporation, Ltd.

The Sind Flour Mills Co., Ltd.

Messrs. David Sassoon & Co., Ltd., Bone Mill (Hyderabad).

Messrs. B. R. Herman and Mohatta, Limited (Engineers and ship-builders).

while the following use gas generated from coal:—

Messrs. Ralli Brothers' Bone Mill.

Messrs. Ralli Brothers' Ginning Factory (Mirpurkhas).

The Indian Flour Mills, Ltd.

In the workshops of Messrs. T. Cosser & Co., Ltd. (Engineers and Iron Founders) electricity supplied by the Karachi Electric Supply Corporation is used.

I attach the replies of this Chamber to your General Questionnaire, and am instructed to state that in the opinion of this Chamber the Indian Mining Federation has not made out a case sufficiently strong to justify its claim for protection to the Indian Coal industry. The whole question appears to resolve itself into that of the coal trade in Bombay and Karachi, which are, actually, the only two places in which competition from outside exists.

As the Federation points out in para. 4 of its application the amount of competing foreign coal in the Indian market is not very large in proportion to the total commercially available output of this country, and as is further pointed out in para. 4 (2) the import of foreign coal is merely one of the elements in the present depression. It is very doubtful, therefore, in this Chamber's opinion, whether the suggested protective measures would achieve the desired result. The Federation itself admits (para. 10) that "it is difficult to state with precision what the effect of a tariff unaided by other measures would be on the trade" and assuming the existence of a tariff for 5 years only, this Chamber can see no real reason to anticipate any actual improvement in the Coal industry's position at the end of that period. This Chamber, moreover, is strongly opposed to the suggestion (para. 26) that protective measures on coal should be made to embrace oil fuel also.

In the circumstances, this Chamber trusts that there will not be any interference with the free and unrestricted importation of foreign fuel, so that consumers may obtain supplies from the most economical source, according to the conditions ruling in all markets from time to time. For this Chamber is averse to benefiting any one section of the community at the expense of other sections.

*Replies of the Karachi Chamber of Commerce to the general questions of the
Tariff Board in regard to protective duties on coal.*

(1) The chief causes of the fall in the price of coal in India since 1923 are the lack of industrial and bunkering demand and the complete loss of the overseas market.

(2) Yes.

(4) (a) 27s.

(b) 26 s.

(c) 35s. for Cardiff coal. The trade in this is so small that it does not compete.

(5) Yes, about 1s. higher.

(8) Yes, approximately.

(10) Unable to answer this question, as the cheapest Transvaal coal is not imported into Karachi.

(11) Yes.

(12) Yes, by varying amounts in accordance with the reliability of suppliers.

(13) Yes.

(14) Yes.

(15) The best Jharia is not as good as the best Transvaal.

(16) No.

(17) Yes, in all the areas specified.

Internal competition would not operate to restrict increase in price.

The tendency of the mine would be to absorb as much of the protective duty as possible.

(18) Yes, and if the price were materially increased steamship companies would endeavour to find other sources of supply. The Indian coal trade, therefore, would be no better off.

(19) Yes.

(20) This entirely depends on the respective prices of the two commodities. The approximate ratio of values is 1 of oil to 1.75 of coal.

(21) No, not in any of the areas specified.

(22) No.

(23) Yes.

(24) It would not be a serious addition, but any addition in present circumstances is undesirable.

Witness No. 17.

THE INDIAN MERCHANTS' CHAMBER, BOMBAY.

WRITTEN.

Letter, dated 9th/11th December 1925.

I am directed to acknowledge the receipt of your letter No. 652 of the 10th November 1925, and to send hereby the views of my Committee regarding the proposed duties on coal.

My Committee suggested to the Government of India in their letter No. T.-563, dated the 4th June 1923, that a duty equivalent to the amount of the bounty should be imposed on coal imported into India from South Africa but only after a sufficient supply of Railway wagons was available. They have reconsidered the whole question afresh, and are still of the same opinion as they expressed two years back. Coal is undoubtedly a key industry, because anything that prevents sufficient supplies of coal being developed in this country will recoil very seriously on all Indian industries in any crisis of a kind at all comparable to the last world war, and will subject all Indian industries to any exploitation by foreign competitors, who may be more fortunately placed in the matter of coal supplies. Therefore while such an industry can undoubtedly claim reasonable protection to allow of satisfactory development in this country, the case for a countervailing duty to the extent of the bounty that may be given by any foreign Government to its own coal is far stronger, because India should not tolerate such unfair competition from any country, and should not allow products of any such country to enter India, that would not have entered the country without such artificial supports, and in the normal course of trade. My Committee would therefore strongly urge the imposition of at least a rate of duty, equal to the bounty or subsidy direct or indirect that any foreign coal may be getting from its own Government. My Committee understand that South African coal is allowed a bounty of 7s. 9d. on all exports in the form of rebate of railway freight, and all South African coal should have a duty imposed upon it to the extent of this rebate in addition to any general duty that may be imposed, on coals entering India from the point of view of protection. There is a further bounty that all foreign coal is enjoying for the last twelve months owing to the rise in our rate of exchange from about 16d. gold in August-September 1924, to 18d. gold, as it stands to-day. This means that all foreign coal can be sold in India, other things being equal, at least 12½ per cent. cheaper than would have been possible twelve months ago. Taking the selling price of coal at say Rs. 20 per ton, this means a differentiation in favour of foreign coal of Rs. 2½ on this account alone.

There is the further case of countries with currencies very much below their pre-war gold par such as Japan. In the case of Japan its currency stands to-day at 21½d. gold against 24½d. which is its pre-war gold par. This would give Japanese coal a further protection on account of the depreciation of its currency of 14 per cent., or say Rs. 2-12-0 per ton, and my Committee feel that considerations of fair trade only, if not anything else, would justify a further import duty of an amount equivalent to the advantage that depreciated currencies give to any foreign coals imported into India and which they estimate in the case of Japan at Rs. 2-12-0 per ton.

To summarise, my Committee would urge the imposition of

- (1) an all round import duty of Rs. 2-8-0 per ton in addition to the present revenue duty of As. 8 per ton in order to equalise the conditions of competition as between Indian and Foreign coals, on account of the further rise of 2d. in the pre-war gold par of the rupee;

- (2) an additional import duty of Rs. 5-2-8 on all South African coal to counteract the effect of the bounty of 7s. 9d. that they now get in the shape of rebate of the railway freight;
- (3) an additional import duty of an amount equivalent to the depreciation of their currency as compared with the pre-war gold par, on all coals coming from countries with a depreciated currency and which my Committee estimate at Rs. 2-12-0 per ton in case of Japan.

My Committee are not oblivious of the fact, that the total amount of foreign coal imported into this country is to-day only about 2 to 2½ per cent. which may at first sight appear negligible, but they would beg to point out that in almost every line of trade, it is the marginal quantity that really controls the price of the whole, and excess or shortage or even apprehensions of such excess or shortage of even ten per cent. frequently makes a change of 50 to 100 per cent. in the price level. Therefore my Committee are of opinion that the 2 to 2½ per cent. that is added to the supplies of coal from importations is not negligible and cannot but have an appreciable effect in depressing the price of coal generally in this country. They also find considerable weight in the arguments advanced in paragraph 4 sub-section (1) of the application of the Mining Federation that while this 2½ per cent. of imported supplies may look negligible as compared with the total supply, such imports form a very large percentage of the total demand in the two important markets of Bombay and Karachi, and consequently their influence over the prices is much greater than would ordinarily be the case with marginal quantities.

The reduction of a few rupees which would be thus forced upon Indian coal may again form only a small percentage of the total price in Bombay or Karachi, but as two-thirds of this price represents freights and charges which it is not in the power of the Indian collieries to control, the result is to compel the pitsmouth price to be reduced to the extent of the full reduction in Bombay or Karachi prices, and works out at a far bigger percentage reduction on the pitsmouth price. My Committee beg to emphasise this aspect of the question because they are afraid that the smallness of the quantities imported may lead your Board to think that foreign competition was negligible and that there was no need to do anything to protect the Indian Coal industry from such competition. The above leads my Committee to say a few words on the question of charges. They feel that the Government do not correctly appreciate the incidence of increased Railway and Book charges on prices in this country, particularly those of coal. They find that the Railway freights compare as below:—

	Pre war 1913.	To-day 1925.	Increase.	Increase.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Per cent.
Jharia to Calcutta . . .	3 2 0	4 8 6	1 6 6	45
Jharia to Bombay . . .	11 4 0	15 6 0	4 2 0	36½

It will be seen from the above that while freights may show a lower percentage of increase than the increase in general price levels, the increase in actual rupees, annas and pies is as much as:—

Rs. 1-6-6 from Jharia to Calcutta equal to 28½ per cent. on the pitsmouth price of coal; Rs. 4-2-0 from Jharia to Bombay equal to 82½ per cent. on the pitsmouth price of coal.

It will now be seen that the increases in Railway freights have a most important bearing on the ability of the Indian collieries to work at a fair profit because if customers are obliged to offer lower prices and the Railway freight

is not reduced *pro rata* the whole burden of reduction of prices falls on the pitmouth price, and it is this that in the opinion of my Committee has been largely responsible for reducing the Indian Coal industry to its present plight. My Committee quite realise that the reduction of Railway freights is not one for decision by your Board, but they urge a careful examination of this side of the coal question in order to be able to include a suitable recommendation to Government with regard to freights on coal traffic.

As for exports of Indian coal, my Committee are in favour of encouraging the same in order to provide a ready made outlet for our coals when the home demand may be temporarily poor and they would welcome any suitable measures of encouragement in the shape of lower freights and charges on such exports.

Witness No. 18.

INDIAN COLLIERY EMPLOYEES' ASSOCIATION.

WRITTEN.

Representation dated Jharia the 20th January 1926.

In reference to your letter No. 15, dated the 8th January 1926, I am directed to bring to your notice that my Committee, though much disappointed at your inability to admit any oral evidence at present, feels greatly thankful to you for your assurance to give a most careful consideration to a written representation of the Indian Colliery Employees' Association. And accordingly the following statement is submitted for putting the same before the Tariff Board.

The principal object of the Indian Colliery Employees' Association as may be evident from the Rule Book* enclosed herewith, is to safeguard the interests of the wage earners—manual labourers and all other employees, engaged in different kinds of colliery works in India; and as such the Association is highly interested in the condition of the Coal trade of this country.

Representations, submitted in connection with the enquiries of the Tariff Board into the condition of the Indian Coal Trade, should as a rule contain such statistics and evidence as might clearly show the part played by imported foreign coal in bringing about a slump in the Indian Coal trade by offering a strong competition in the important centres of coal consumption. But since my Committee is sure that detailed informations regarding these points have been already supplied by more competent bodies such as Indian Mining Federation and Indian Mining Association, they refrain from entering into those questions but propose to confine themselves to the particular question of the condition of the colliery employees who, to be sure, have become the most miserably affected beings under the present depressed condition of the Coal Trade.

There are, as has been already observed, no less than 200,000 (2 hundred thousand) people earning their livelihood by being engaged in different kinds of colliery works in India and these people in spite of numerous other grievances, were somehow pulling on during the flourishing days of the Coal trade but since the time the depression commenced they have become victims to untold miseries in the hands of the mine owners. Reduction has become the curse of the Coal fields nowadays. Reduction of hands and reduction of wages and salaries are every day occurrences. In spite of our repeated appeals and in spite of the Coal Committee's considered declaration that "*That no reduction in raising cost in present condition be secured by reducing wages, etc.,*" mine owners have become very particular in effecting economy in their collieries by reducing an anna or two per ton from the wages of the poor miners as also by reducing a certain percentage of the salaries of the poorly paid staff of their collieries. It is not however the place to enumerate all the specific instances of unjust dismissals or to give a list of those who are being thrown at the door of starvation by wrongful reduction or to point out all the grievances they are labouring under. So, my Committee, in the name of these thousands of poor workers request the Board to favourably consider the following proposals of this Association:—

1. That a protective duty of Rs. 5 per ton be imposed on all foreign coal on condition that the mine owners who are only a few hundred in number, should look to the interests of the wage earners under them, redress their grievances; reconsider their wages and salaries and recognise the Indian Colliery Employees' Association which has been formed for the welfare of these thousands of people working in the Collieries.

* Not printed.

Witness No. 19.

NORTH WESTERN RAILWAY.

WRITTEN.

Letter, dated 8th December 1925.

I give below answers to the questionnaire which formed an enclosure to your letter.

2. With regard to paragraph 2 of your letter, I do not wish to lay before the Board any statements other than those made in the replies to the questionnaire.

Answers to questionnaire.

1. (a) No foreign coal was imported by the North Western Railway during the years 1910-12.

(b) No coal was imported for the North Western Railway during 1924-25.

(c) During the years 1912-13, 1913-14, 27,326 tons and 165,394 tons were imported respectively.

(d) The following quantities of Bengal coal have been received by sea during the years shewn:—

	Tons.
1910-11	363,205
1911-12	192,809
1912-13	292,644
1913-14	283,632
1924-25	Nil.

2. It was decided to substitute fuel oil on a part of the Karachi Section of the North Western Railway at the conclusion of the trials of oil fuel on that portion of the line, which commenced in January, 1914, and were completed in November, 1916. Oil fuel was in general use on the Karachi District of the North Western Railway about the middle of 1918, when all necessary plant had been installed.

3. The Karachi Division of the North Western Railway extends from Karachi to Khanpur inclusive. Oil fuel is, however, only used on the portion of the Karachi Division south of Dadu and Pad Idan Stations. Generally speaking this may be taken as marking off the area within which the use of oil fuel is considered economical. The question of the extension of the use of the oil fuel has not recently been considered.

4. During 1924-25, 64,612 tons of liquid fuel oil were consumed, and it is estimated that this displaced 117,476 tons of Bengal coal.

5. Provided the total quantity of oil fuel purchased by the North Western Railway and Great Indian Peninsula Railway does not exceed 150,000 tons a year, the cost per ton at Karachi is as follows:—

	Per ton.
	Rs. A. P.
(a) c.i.f. Karachi	34 0 0
(b) Landed and duty paid—	
The cost of oil fuel c.i.f. at Karachi	34 0 0
Wharfage charges	1 5 0
Cost of pumping into storage tanks	0 7 0
Custom duty	4 14 0
TOTAL	40 10 0

In the event of supplies to the North Western and Great Indian Peninsula Railways during a year exceeding 150,000 tons the c.i.f. rate at Karachi for any extra quantity will be Rs. 55 per ton or including landing and Customs charges as detailed above Rs. 61-10-0.

6. For railway purposes 0.55 ton of liquid fuel oil is taken as being equivalent to one ton of coal.

7. The actual cost of fuel oil at Karachi amounts to Rs. 40-10-0 per ton. To replace this 1.82 tons of Bengal coal will be required, the cost of which in the area in which oil fuel is used works out as follows:—

	Rs.	A.	P.
Cost of 1.82 tons coal at pitsmouth	16	4	6
Handling charges	0	5	3
Add Foreign and Home Line freight to—			
Pad Idan	28	1	6
Dadu	28	8	10
Karachi	28	8	11

8. The following circumstances must be taken into account in considering the question of the introduction of fuel oil in place of coal.

- (i) Certainty of supply of oil fuel in view of the expense involved in reconverting engines to burn coal if necessary.
- (ii) Capital cost of storage tanks, installations, and conversion of locomotives for burning oil fuel.
- (iii) Provision of travelling fuel oil tanks.
- (iv) Saving on account of reduction of losses of coal in transit.
- (v) Saving on account of reduction of engine crews by one fireman each.
- (vi) Saving on account of reduction in handling charges.
- (vii) Saving on account of fewer wagons being necessary for transporting fuel on account of shorter lead from source of supply, and freeing of such wagons for revenue traffic.
- (viii) Question of oil fuel being more economical or otherwise in special circumstances, viz., upkeep of engines and boilers, running of trains and shunting, etc.

9. Taking as a whole the Section of the Karachi Division on which oil fuel is used it is considered that at the prices given above the economic comparison would be in favour of oil fuel.

No detailed comparison has however been attempted since the investigation made preliminary to the introduction of oil fuel, and the statement can only be accepted generally.

Statement II.—Telegram, dated 15th February 1926, from the Agent, North Western Railway, to the Tariff Board.

No. 74/11. Reference your wire No. 75 of 13th instant. Quantities of imported coal received on North Western Railway during 1921-22 and 1922-23 were three lakhs thirty-six thousand and two lakhs seventy-three thousand tons approximately. About sixty thousand tons of English patent fuel were also purchased during 1921-22.

Witness No. 20.

GREAT INDIAN PENINSULA RAILWAY.

WRITTEN.

Letter, dated 14th December 1925.

The decrease in the quantity of coal supplied to this Railway is due to the use of oil fuel and to economies in consumption. The quantity of oil fuel consumed has increased from 1,239 tons in 1916-17 to 82,332 tons in 1924-25.

2. In reply to the supplementary questionnaire sent me with your above quoted letter, I beg to inform you:—

(I) The quantities of coal imported by sea for the use of the Great Indian Peninsula Railway were:—

	Bengal coal. Tons.	Foreign coal. Tons.
1911	182,356	21,236
1912	148,133	92,885
1913-14	178,126	100,903
1921-22	6,772	267,547
1922-23	} Nil	Nil
1923-24		
1924-25		

(II) and (III) The Kargali Colliery was purchased in 1915 and the whole of the coal raised is transported by rail.

(IV) The cost at the present contract rate for oil fuel per ton c.i.f. is Rs. 35-14-0 into our tanks. (Custom duty if paid would be Rs. 4-14-0 per ton). The Railway is however exempt from Custom duty up to October 1927.

(V) The ratio of consumption fixed by the Railway Board is .55 of oil fuel to the ton of coal.

(VI) The cost of Bengal coal at Bombay at the present contract rate average Rs. 23 per ton, which includes pit mouth cost Rs. 9-8-0 and railway freight Rs. 13-8-0. The cost of the equivalent quantity of oil at .55 per ton is Rs. 19-12-0, as oil fuel, *ex ship*, is Rs. 34 per ton and the wharfage charges are Rs. 1-14-0.

(VII) The circumstances to be taken to account when deciding whether oil fuel should be introduced to replace coal for railway purposes are:—

- (1) Its efficiency.
- (2) Its ease of manipulation.
- (3) Ease of handling.
- (4) Less smoke.
- (5) No sparks.
- (6) Reduction of weight for a given quantity of fuel.
- (7) Saving of labour in connection with coal handling and ashpit cleaning.
- (8) Release of coal wagons for public traffic.
- (9) Cost of provision of storage accommodation.
- (10) Cost of laying of pipe lines.
- (11) Cost of travelling oil tanks.
- (12) The fact that the oil would be carried in the 'light' direction of traffic.

(VIII) Oil fuel is regarded as the more economical fuel for Locomotive purposes on the Ghats and suburban sections of the Great Indian Peninsula Railway. It would be possible to extend the use of oil fuel to more remote sections provided a reasonable contract price over a long period could be arranged. In any event we are committed to the purchase of 100,000 tons of oil fuel per annum up to December 1934.

3. This Railway as a large consumer of Indian coal would naturally oppose any legislation designed to raise the pit mouth price of coal or increase the c.i.f. cost of oil fuel to the use of which it is committed up to 100,000 tons per annum. The specific proposals of the Indian Mining Federation, if adopted, would, they believe, raise the pitmouth price of first grade coal by about Rs. 3 per ton. The object being to bridge the "Quality gap between foreign coal and 2nd class Indian coal and so create a market for 2nd class coal."

4. The carriage of 2nd class coal over long distances is an economic waste and I am doubtful if the proposal of the Indian Mining Federation would have the results they anticipate. They would, however, eliminate healthy competition in Bombay between 1st class Indian coal and imported coal and oil with the probable result of the levelling up of 1st class coal rates. I do not consider that the figures of imported coal and oil are such as to suggest that the interests or well being of the Bengal coal trade are endangered.

Statement II.—Letter, dated 12th January 1926, from the Great Indian Peninsula Railway, Bombay.

With reference to your letter No. 656, dated 11th November 1925, and subsequent reminder dated the 8th January 1926, I forward herewith copies of Appendices A and G with the necessary figures duly filled in.

2. Appendix F with the figures brought up to date will follow shortly.

APPENDIX A.*

Statement showing total amount of coal traffic (carried for the public and foreign railways and revenue) booked over the Great Indian Peninsula Railway, (a) from coal fields on the E. I. and B. N. Railway system separately, (b) from the coalfields on this railway's own system, (c) from the coalfields on H. E. H. the N. G. S. Railway, and (d) from Bombay up-country from the 1st January 1912 to 31st March 1925.

Period.	(a) FROM COALFIELDS ON		(b) From coal- fields on this railway system.		(c) From coal- fields on the N. G. S. railway.		(d) From Bombay.†		Revenue coal.‡		TOTAL.
	E. I. Railway.		B. N. Railway.								
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	
Year ending 31st December 1912	468,051	282,162	25,176	74,541	16,154	959,975	1,866,059				
Quarter ending 31st March 1913	140,266	60,891	6,541	19,140	3,878	220,599	451,315				
Year ending 31st March 1914	504,021	267,879	17,479	90,966	10,554	964,650	1,855,549				
"	576,544	357,379	26,574	40,642	6,073	930,660	1,937,863				
"	903,944	648,264	35,369	36,840	3,549	1,118,707	2,746,664				
"	1,319,873	623,293	61,678	50,725	6,427	1,316,106	3,378,102				
"	946,950	714,447	41,372	59,710	10,858	1,426,846	3,200,183				
"	1,299,819	570,001	121,559	64,795	12,214	1,521,156	3,589,544				
"	1,255,786	444,915	124,269	71,781	7,699	1,399,456	3,303,906				
"	965,962	290,755	274,563	56,085	25,437	1,276,024	2,893,833				
"	403,559	455,952	402,327	43,204	43,110	1,903,639	3,251,791				
"	430,675	374,325	336,316	39,612	33,522	1,316,983	2,531,432				
"	440,417	178,142	282,815	13,071	27,328	1,048,691	1,990,464				
"	441,110	185,110	405,583	56,260	19,531	1,184,206	2,391,790				

* *Vide* page 177 of Volume III of Evidence recorded by the Coal Commission.

† The principal stations to which coal is despatched from Bombay are those serving the Bombay mills area, such as Kurla, Sion and Kalyan. There are also despatches to Poona and Sholapur.

‡ Detailed information for revenue coal is not readily available.

The figures shown against each year are the purchases in those years. The actual consumption of coal and oil fuel by Locomotives each year is shown on the further statement attached, Appendix F.

APPENDIX G.*

Statement showing the coal traffic received into Bombay.

Period.	FROM G. I. P. COLLIERIES.				FROM E. I., B. N. & N. G. S. COLLIERIES.			
	Pench Valley.	Chanda.	Ballarshah.	Gotitoria.	Via Jubbulpore (E. I.)	Via Nagpur (B. N.)	Via Jubbulpore (B. N.)	Via Wadi (N. G. S.)
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Year ending 31st December 1912	...	...	...	...	57,728	12,229	...	917
Quarter ending 31st March 1913.	...	...	...	...	8,670	5,303	133	37
Year ending 31st March 1914.	...	...	...	...	38,237	13,347	47	1,116
" 31st March 1915	...	...	13	...	229,559	78,753	89	3,780
" 31st March 1916	1,364	...	14	...	570,292	284,689	39	3,817
" 31st March 1917	6,579	1,440	...	...	943,163	339,540	...	505
" 31st March 1918	544	1,400	235	...	448,499	399,187	...	1,850
" 31st March 1919	8,683	318	472	...	590,891	339,929	...	940
" 31st March 1920	6,731	458	...	...	710,339	257,861	...	704
" 31st March 1921	25,306	851	328	...	548,857	144,780	...	5,641
" 31st March 1922	38,252	776	403	59	107,750	140,187	...	3,229
" 31st March 1923	11,437	103	...	...	106,933	74,695	...	10
" 31st March 1924	13,102	73	501	...	59,864	38,593	...	274
" 31st March 1925	21,199	24	311	...	70,777	39,538	...	1,486

* Vide page 192 of Volume III of Evidence recorded by the Coal Commission.

Statement III.—Letter, dated the 13th January 1926, from the Great Indian Peninsula Railway.

In continuation of this office letter No. 20814-T.—185, dated 12th January 1926, I forward herewith copy of Appendix F. with the necessary figures duly filled in.

: APPENDIX F.*

Statement showing the figures of this Railway's own consumption of (1) coal and (2) oil fuel for the year ending 31st March 1925.

Period.	CONSUMPTION ON LOCOMOTIVES.	
	Coal.	Oil fuel.
	Tons.	Tons.
Year ending 31st December 1912	831,532	<i>Nil.</i>
Quarter ending 31st March 1913	225,145	<i>Nil.</i>
Year ending 31st March 1914	906,359	404
„ 31st March 1915	867,134	57
„ 31st March 1916	969,317	64
„ 31st March 1917	1,096,992	1,239
„ 31st March 1918	1,140,720	4,779
„ 31st March 1919	1,159,930	6,200
„ 31st March 1920	1,188,656	9,246
„ 31st March 1921	1,156,731	14,658
„ 31st March 1922	1,117,074	36,835
„ 31st March 1923	1,016,554	53,047
„ 31st March 1924	984,993	68,018
„ 31st March 1925	1,028,880	78,058

* *Vide* page 184 of Volume III of the Evidence recorded by the Coal Committee.

Statement IV.—Telegram, dated 18th February 1926, from the Great Indian Peninsula Railway.

20814. T YR Wire 81 Sixteenth instant Total quantity coal transported Bombay by rail April to December 1925 Eighty seven thousand four hundred and twenty six tons,

Witness No. 21.

MAJOR F. COOK.

WRITTEN.

Letter, dated 8th October 1925.

In reference to the proposed duty on imported coal I should like to give my views as expressed in my written evidence before the Coal Commission recently.

I was for twelve years the largest importer of Welsh Steam Coal in full ship cargoes at Cape Town and Admiralty Coaling Contractor, and although at that time the South African Coalfields were not developed and only locally used there was a duty of 3 shillings and 4 pence per ton of 2,240 on each and every cargo and is still levied. A rebate was given on all coal supplied to the Admiralty. The Cape Government Railways imported their own Welsh Steam Coal for use on their Railways and when short bought from me.

When strikes in England dislocated supplies it enabled the South African Coal Companies to get big prices for at that time rubbish. Then they found better seams and eventually another big Welsh Miners strike drove the imported coal right out of South Africa but the duty still remains and assists the South African Collieries by protecting them from any cheap coal that might be brought as a fill up cargo by a shipowner on speculation of selling.

I lost my whole business eventually in 1912 owing to the Union Castle Company cornering all the South African Coal allowing no one to export coal to any Cape Port, Mauritius or India except through themselves and they are the people to-day who have reaped a big harvest in India to the detriment of the Indian coal trade.

Try a protective duty of say Rs. 3 per ton for 12 months and you will render great assistance to the Indian Coal Trade if it paid South Africa to impose a duty even when they had no coal surely it will pay India.

Any further information I can give I should be glad to do so.

Witness No. 22.

MESSRS. NUSERVANJI RUTTONJI NAZIR AND SONS.**WRITTEN.***Representation, dated the 12th November 1925.*

We are informed by the Director, Royal Indian Marine, Bombay, that your Board is inviting opinion of the Coal Trade in this country whether a protective duty to be imposed on imported coal generally or on coal imported from any particular country.

In so far as our experience goes, we can say that the step is un-welcome and we are, therefore, absolutely against any such protective duty on any imported coal whatsoever whether it is English or South African, as both these coals are superior to Indian coals and are very economical, both as to price and quality, and the Indian consumer will be deprived of having the best coal for his industrial purposes.

Witness No. 23.

MESSRS. CHOONILAL HARILAL AND COMPANY.

WRITTEN.

Representation, dated 12th November 1925.

With referenco to tho letter No. M.-3794, dated tho 5th instant, from the Director, Royal Indian Marine, we have nothing to add to what our Representative, Mr. Choonilal Girdharlal, said, and represented in February last to tho Coal Committee (*vide* Coal Committee Report, Volume II, pages 265—272). However, we must strongly emphasise the point that if any extra duty is placed on any foreign coal, it will kill the bunkering business of Bombay, which is nowadays really the backbone of the coal trade here, because most of mills have gone to electricity or oil.

Witness No. 24.

MESSRS. EDULJEE DINSHAW.

Letter, dated Karachi, the 24th November 1925.

We are in receipt of your letter No. 633 of the 7th instant enclosing the Tariff Board's Questionnaire in the matter of the request of the Coal Industry of India for protection, for which we thank you and submit for the Board's consideration the following general observations on same in our capacity as large bunkering contractors at this port as well as large consumers in the shape of factories upcountry.

The whole case made out by the Coal Industry is very lame and loosely put and would appear to be a scramble for plucking some of the plums which a generous legislature burning with the glow of patriotic fervour to foster nascent industries has suitably provided. We admit we realise some of the industries of India require protection in their infancy, but that powerful weapon needs to be very discriminately used and it was never truer than in the case of coal industry. The principal argument in favour of protection as will be admitted would be if the foreign article were freely competing with its Indian contemporary all over this huge continent, but that, according to the admission of the Coal Industry, foreign coal does not. The Coal Industry in India is feeling the draft of keen competition only at sea ports and on examination of their claims to be shielded against such diabolical struggle for business one turns away with disappointment at the utter lack of reason in the grounds advanced. Statistics would show that the imports of foreign coal into the Indian west coastal sea ports were during 1924 close to the pre-war average and with the great fall that has occurred in the demand for bunkers through the reduction in shipping visiting the ports as a result of slump in trade, we should not be at all surprised if such imports reveal a further shrinkage for the current year. Thus the principal bogey trotted out by the coal trade to draw false sympathy has proved to have no substance. If during the pre-war years such imports of foreign coal caused the coal trade no inconvenience we are at a loss to understand the present howl for protection under similar conditions, more so, when it is remembered that there has been no phenomenal increase in the annual production of Indian coal mines in the interval. There probably is a germ of truth in the present woe begone state of coal trade due to difficulty of disposing off their products by the mines, but by what process of reasoning the Coal Industry would link it with the arrival in this country of a quantity of coal which is about the same as what came into it say 10 years ago, we are unable to understand. A further factor that operates to-day to make foreign coals cheaper is that of freight. Marine transport charges owing to the glut of shipping and the scramble for what little business is going around have been now reduced to a point where a voyage not infrequently shows a loss, and to classify this adventitious aid as a permanent factor in their calculations for demand for protection by the Coal Trade in India must be very carefully guarded against. Immediately freight rises, the price of South African fuels would automatically reflect it in increased prices. The real trouble about the lack of popularity of Indian Coal with its overseas consumers is entirely due to the shady practices to which Coal Trade resorted in the pasting days of 1919 and 1920 "the hectic boom of prosperity" as phrased by the Coal Mining Federation, but the "orgy of commercial immorality" we think is a better and fitter expression—when everything that was black was booked as coal without conscience or scruples. Indian coal never did enjoy a very high reputation amongst its above clientele and this effort to swell their profits further by such fraudulent means dealt a death blow to the reviving demand for Indian coal by overseas shipping, and we are afraid a lasting damage has been done to Indian

coal for bunkering purposes. We regret to have to observe that our bunkering department cannot boast of a single order for Bengal Coal for bunkering purposes and the Coal Trade may be assured no amount of subsidising is likely to influence a British shipowner in favour of Indian coal until it has thoroughly rehabilitated itself in the eyes of the owners by proved quality and consistent purity of description. You can take a horse to a trough but you cannot make him drink would about describe the state of affairs that will result if foreign coal is penalised by an import levy, for such of the owners who bunker foreign coals in Indian ports will obtain their requirements at the Red Sea ports of Perim, Aden, or Port Soudan which are all on their way to their destinations west bound, or at Colombo or Singapore if east bound. The result will be that the bunkering firms at the Indian sea ports will lose a corresponding volume of business without any gain to the Coal Trade in India, but to the detriment of such firms, their staffs and employees, the last named being mostly sons of the soil who would be thus thrown out of employment through no fault of their own. With regard to levy of an import duty on liquid fuel we cannot see any reason for its wholesale application to such import of every character. It must be recognised that the bulk of the users of this type of fuel are agriculturists and zamindars working oil engines on their holdings preferring this plant for its simplicity, cheapness of operation and absence of necessity for maintenance of a highly qualified staff. Surely it is not contemplated by the Coal Industry that they should all scrap their oil engines and instal steam plants to enrol themselves as consumers of the product of the Coal Mining Federation. Needless to say we strongly deprecate any protection being granted to the Coal Trade of India in the shape of import duty on foreign fuels of any type. Let the Indian Coal Trade win back to its former place by the operation of economic laws instead of its structure being strutted and bolstered up with bounties and artificial aid.

With these general remarks we subjoin our answers to Section I of the Questionnaire.

1. The decline in coal prices is merely the Indian reflection of a world wide movement for prices to fall in sympathy with economic causes. It is the old tale of buyers being unable to meet the idea of producers who in turn have to readjust their rates to suit the buyers' pockets. Freed from the trammels of the world War when embargo and monopoly invested holders with a false idea of the value of their wares the economic law of supply and demand is vigorously reasserting itself and the downward trend is an indication of economic convalescence. It is impossible to gauge with any degree of accuracy to what extent the seemingly parlous state of the Coal Industry is due to over production, but that can be corrected only by either

(a) curtailing production or

(b) reducing level of prices to reach a larger class of consumers who are now being kept off by consideration of £ s. d.

2. We had no appreciable proof of any such improvement.

3. Generally we would not invest improved transport with the virtue of possessing a tendency to lower prices.

4. (a) Natal coal, Grade A, at about Rs. 20-8-0 per ton c.i.f.

(b) Transvaal coal, Grade A, at about Rs. 19-4-0 per ton c.i.f.

(c) North Country coal, Grade A, at about Rs. 21-8-0 per ton c.i.f.

5. Yes.

6. We do not think there is such a wide divergence as Rs. 10 per ton between English and Indian coal except perhaps Best Welsh (Admiralty List) in which case it is fully worth the difference. Other British coals certainly command higher prices but the *quid pro quo* is in the better steaming value.

7. Only a limited quantity of this description has found a market so far: whether it will continue to do so is entirely a matter of price.

8. We have chartered boats for this very run at Rs. 11 but the figure of Rs. 12 would serve as a datum line.

9. Between Rs. 13 and Rs. 14.
10. We have not seen the Coal Committee Report.
11. Every word of the Coal Committee on this point is literature.
12. Impossible to tell accurately.
13. This is Bombay's pigeon.
14. Yes, it is our own as bunkering contractors.
15. Doubtful.
16. Most decidedly not.
17. It should have that tendency naturally but whether consumer would consider Indian coal under such circumstance a better value seems highly doubtful.
18. Shipping will decidedly bunker at non-Indian coaling ports scattered on the highways.
19. Doubtful.
20. Doubtful.
21. Most decidedly not.
22. It hopelessly fails to satisfy this condition.
23. We agree.
24. Certainly *il va sans dire*.

